

Chapter Eighteen

Vendor Management

In This Chapter This chapter is divided into eleven (11) sections, which detail all aspects of Vendor relations, and seven (7) appendices.

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Section A

Vendor Selection and Authorization

Introduction	<p>This section describes the Arizona Department of Health Services' (hereinafter "Department") Vendor Management Policies and Procedures for the WIC supplemental nutrition (food) delivery program, which includes, but is not limited to, the Arizona WIC Program Vendor Contract, Vendor enrollment, training, monitoring, sanctions, and the payment system used to redeem food instruments.</p>
Policy	<p>The Department is responsible for authorization of each food Vendor Applicant before the Applicant may participate in the Arizona WIC Program. The authorization process begins when a retail food store, pharmacy or military commissary files a complete application, including all required attachments, with the Department (See Appendix E). Authorization occurs when the Department enters into a written, fully executed Contract with the Applicant (See Appendix F). The Department shall provide the authorized Vendor with a copy of the executed Contract by certified mail.</p> <p>The Department shall not authorize a new for-profit applicant that is expected to derive more than fifty-percent (50%) of its annual food sales from WIC food instruments, unless the applicant is necessary to ensure participant access to program benefits.</p> <p>An Applicant must have a fully executed written Contract with the Department <u>before</u> it may participate in the Arizona WIC Program as an authorized Arizona WIC Program Vendor. Only the Director of the Department or their designee may enter into a written Contract authorizing an Applicant to become an Arizona WIC Program approved Vendor.</p> <p>The Department shall contract with a sufficient number of Vendors to serve all Arizona WIC participants. The Department may limit the number of Vendors to enable the Department to effectively manage the program.</p> <p>Pharmacies may be contracted to provide "infant formula only." In this situation, any reference to "WIC foods" shall mean WIC approved infant formula. Except for food stamp authorization, all other provisions shall remain the same.</p>

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Policy (Continued)

The Local Agency (e.g., county health department) will provide input to the Department regarding Vendor selection and the appropriate number of Vendors in their area.

If any provision of the Contract conflicts with the requirements of the Federal WIC Program Regulations, the provisions in the Federal Regulations shall prevail. If any provision of the Contract conflicts with the requirements of the Vendor Manual, the Vendor Manual shall prevail. If any provision of the Arizona WIC Program Policy and Procedure Manual conflicts with Federal Regulations, the Federal Regulations shall prevail. If any provision of the Vendor Manual conflicts with the Arizona WIC Program Policy and Procedure Manual, the Arizona WIC Program Policy and Procedure Manual shall prevail. If any provision of the Vendor Manual conflicts with Federal Regulations, the Federal Regulations shall prevail.

The United States Department of Agriculture (USDA) has registered and trademarked the WIC acronym and logo and provided State agencies the discretion to authorize their use. Any use of the acronym "WIC" or the WIC logo must be prior approved in writing by the Department and the USDA.

The Arizona WIC Program sends out important information that can assist Vendors in maintaining compliance with the Arizona WIC Program Vendor Contract. Therefore, it is essential that the Vendor accept/pick up all certified mail sent to them from the Department. Examples of items that may be sent to Vendors via certified mail are replacement food instruments, contract related items (including some WIC Alerts), sanctions, lost/stolen food instruments and training notices.

Procedure - Continuous Enrollment

Retail grocers, pharmacies or military commissaries with a fixed location may apply to become an Arizona WIC Program Vendor. The Department will accept and process applications at any time during the year with the exception of the FFY 2006 – 2008 Contract Enrollment period where submission deadlines apply. There are no deadline restrictions attached to applications submitted and processed under continuous enrollment.

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Procedure – Continuous Enrollment (Continued)

The Department shall mail an enrollment application packet to any interested retail grocer, pharmacy or military commissary that makes a request. An applicant must be open, viable and ready to do business **upon submission** of the enrollment application. The Department shall evaluate the application based on the criteria described in this section.

The Department uses a three (3) federal fiscal year Contract. The Contract term is from October 1 of the initial year and ends on September 30 of the third year or a portion thereof (dependent upon when the Applicant applies). The Department must receive a complete original application, including all required attachments.

The Department shall not accept facsimile copies in lieu of the original documents.

Required attachments include:

- A verified, complete Enrollment WIC Applicant Price/Stock Report (See Appendix A)
- An original signed Contract (See Appendix F)
- A copy of the Applicant's current sanitation operating or health permit for each location identified in the application
- A verified, completed application form (See Appendix E)
- Any additional attachments as applicable

The Applicant must file a complete list of all outlets which are to be considered, to include, but not limited to:

- The name of each outlet
- Outlet numbers (if applicable)
- The address and telephone number
- A contact person responsible for the operation of the WIC food instrument redemption program
- The food stamp identification number of each outlet

The Multiple Store Notification form shall be used, which is a part of the original application (See Appendix E).

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Evaluation Process

New Vendor Applicants: The evaluation process for Applicants who have not participated in the Arizona WIC Program within the last five (5) federal fiscal years is as follows:

- The Department shall verify that the Applicant is an authorized Food Stamp Program retailer operating in good standing
- The Department or its designee shall conduct an unannounced on-site visit to verify the information contained in the Contract and Enrollment WIC Applicant Price/Stock Report (See Appendix A) An appointment shall be made for training purposes
 - Upon conclusion of the site visit, the Department or its designee shall notify the Applicant of the results of the verification visit by providing the Applicant with a copy of the Vendor Site Review form. The Department or its designee shall make one unannounced follow-up visit if deficiencies are noted
 - Currently, Vendors who have had a satisfactory Vendor Site Review during the fiscal year may be exempt from this criteria (open enrollment only)
- The Department shall deny an application if the Department or its designee is unable to verify the information in the application or supporting documentation, or if the Applicant has less than the required amounts or kinds of WIC approved foods at the follow-up visit
- The Department shall not authorize a new for-profit applicant that is expected to derive more than fifty-percent (50%) of its annual food sales from WIC food instruments, unless the applicant is necessary to ensure participant access to program benefits
- The Department will not review a re-application following a denial based upon the aforementioned reasons for 180 calendar days from the date in the denial letter
- If an Applicant appeals the denial of the application, the Department will not review a re-application for 180 calendar days from the date that the final administrative decision is rendered

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Vendor Selection and Authorization (Continued)

Evaluation Process (Continued)

Current and previous Vendors: The evaluation process for all current Vendors or Applicants, who were previous Vendors, who have participated in the Arizona WIC Program at any business location during the previous five (5) federal fiscal years is as follows:

- The Department shall follow the Vendor Evaluation Criteria established for new Vendors
- The Department shall evaluate the Vendor's file in the following areas:
 - Compliance with the Vendor Contract, Federal Regulations and this Section at all business locations
 - Responsiveness to Vendor Site Review corrective action recommendations and participant/authorized representative complaints
 - Past performance in the previous five (5) federal fiscal years, including points accrued and sanctions assessed
 - In the case of stores owned by corporations, past performance at other locations operated by the same corporation
 - Compliance with the Food Stamp Program requirements
 - Timely and complete submission of Vendor WIC Price/Stock reports
 - Determine if the Vendor is an Above-50-Percent Vendor or a Regular Vendor
- Failure to meet **all** of the Vendor Evaluation Criteria, or if the Vendor's history file evaluation is unacceptable, provides cause to deny an application or to terminate a current Vendor's Contract

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Evaluation Process (Continued)

All new Vendor Applicants, current, and previous Vendors must attend the Department's mandatory training session scheduled by the Department for each open enrollment period. Each store shall send a management representative or their designee who shall be responsible for Arizona WIC Program compliance at the location. In addition to the management representative or their designee, other representatives may be designated to attend the mandatory training and function as training liaisons for that location's site.

- The additional store (outlet) representatives who function as training liaisons shall not be a substitute for the management representative or the designee
- Attendance at in-store training or at a mandatory or voluntary training session in a previous and/or a current contract cycle does not satisfy the requirement for attendance at the mandatory training session for the current open enrollment period

Before an Applicant is denied due to lack of training only, and there is a documented need for the Applicant, the Applicant's original application and related attachments shall be re-evaluated under the Participant Access criteria outlined in section K of this chapter. The Applicant will then be given only one (1) opportunity to attend the Department mandatory training session scheduled.

Individual outlets (stores) may be added to a Vendor Contract without affecting the status of the other outlet(s). The Multiple Store Notification form shall serve as written notice and shall be received by the Department not less than thirty (30) calendar days before the outlet opening date, along with the Enrollment Price/Stock Report Form. The Department shall evaluate the individual outlet based on the evaluation criteria described in this section.

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Change Of Ownership

When a Change of ownership occurs, (including bankruptcy of a currently approved Arizona WIC Program Vendor), the new owner shall complete an application to become an Arizona WIC Program Vendor, including all attachments (See Appendices A and F). This should occur not less than thirty (30) calendar days prior to the transfer of ownership to ensure that services to Arizona WIC Program participants are not interrupted.

The Department shall evaluate the application based on the criteria described in this section.

When the Department is notified of the change of ownership in writing by the Vendor (See Appendix B), the Department shall initiate the follow-up actions necessary to reduce or eliminate any disruption of service to Arizona WIC Program participants.

If a Vendor ceases operation by closing a location (See Appendix D), any subsequent reopening shall be processed through the full application process, not under the change of ownership clause.

The Department will not authorize a Vendor applicant if it determines that the store has been sold or closed and reopened as a new store in an attempt to circumvent a WIC sanction. The Department may consider such factors as whether the store was sold to a relative by blood or marriage of the previous owner(s) or sold to any individual or organization for less than its fair market value.

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Vendor Evaluation Criteria

In addition to filing a complete and timely application, which includes the attachments, an Applicant must meet **all** of the evaluation criteria. Failure to meet any of the criteria provides cause to deny the application. All Applicants shall be evaluated in accordance with the following criteria:

Stock Requirements

Maintain the minimum stock and variety of all WIC foods from the time an application for enrollment is completed and if approved, throughout the contract period, as described in Section 2 of the Vendor Manual.

- Grocers/Commissaries: Grocers/Commissary Applicants shall have the required WIC approved foods in the amounts and variety required on its shelves or stored at its location address (not available to order) from the date an application is submitted. WIC approved brands are listed in the Vendor Manual.
- Pharmacies: Pharmacy Applicants shall agree to order WIC eligible infant formula in the amounts and brands specified on the food instrument redeemed by the WIC participant/authorized representative, or ordered by the Local Agency or Department. However, pharmacies are not required to maintain the minimum stock requirements if they were contracted to provide only “special WIC infant formula.”

The Arizona WIC Program will maintain a list of infant formula wholesalers and distributors licensed in accordance with State law and federal regulations and infant formula manufacturers registered with the Food and Drug Administration.

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Stock Requirements (Continued)

Authorized Vendors are required to only purchase infant formula from sources on the above-mentioned list. Failure to do so will result in the denial of the application or the Vendor being disqualified from participation in the WIC Program.

This list will be updated and provided to all authorized Vendors annually and to each new applicant in the enrollment packet.

In order to be included on the Arizona WIC Program's list of infant formula sources, the following requirements must be met:

- Infant formula manufacturers must be registered with the Food and Drug Administration
- Wholesalers or distributors must be licensed in accordance with State law and federal regulations and must purchase infant formula directly from the manufacturer

Undue Hardship

A current Vendor may be authorized to stock a reduced minimum stock of infant and/or woman/child food packages if one of the following criteria exists:

- A local agency documents **fewer** than:
 - Four (4) milk based **and** two (2) soy based infant formula participants
and/or
 - Eight (8) woman/child participants

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Vendor Selection and Authorization (Continued)

Stock Requirements (Continued)

- A Vendor may request the stocking of these products be reduced based on the low volume of WIC sales of these products. The Department will make a determination based on the following criteria:
 - The Vendor's redemption of infant **and/or** woman/child food packages during the past six (6) calendar months must substantiate the Vendor's request to reduce the minimum stock Requirements
 - The number of authorized Vendors in the area
 - The request must be submitted in writing to the Department
- Any local agency whose participants may be affected by this reduction must approve of the decision to reduce the minimum stock requirements of these products
- The approval is contingent upon the Vendor's agreement to provide all WIC authorized foods. If a WIC participant makes a request for any item that relates to the reduction, the Vendor must order the item and make it available to them within five (5) calendar days
- Written documentation from the Department approving the reduced amounts must be on file at the Department with a written notification to the affected Vendor and local agency before the requirement shall become effective. The effective date shall be the date the written notification is received by the Vendor

Competitive Price Evaluation

The Department shall calculate the average price for a designated woman, child and infant food package per peer group. The peer group maximum will be the average cost of the designated woman, child and infant food package plus a percentage.

If two (2) or more stores are located within a one (1) mile radius, the Applicant with the lowest combined total price may be selected as the WIC Vendor.

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Accessibility to WIC Participants	<p>The Applicant's location(s) and hours of operation shall conform to the following requirements:</p> <ul style="list-style-type: none">• The Applicant shall be open for business a minimum of ten (10) hours a day, six (6) day a week.• The Applicant location shall be accessible to WIC participants because of its proximity to a WIC clinic or to the participants' residence.
Type of Store	<p>The Applicant shall be a retailer of groceries who has forty-five (45) percent or more of its gross sales from groceries and not from alcohol or tobacco products, or lottery sales. A pharmacy, which provides only special order authorized WIC infant formula, is exempt from this evaluation requirement. Stores that are classified as Super Centers <u>must</u> separate the retail grocery section from the general merchandise section.</p>
Above-50-Percent Vendor	<p>The Department shall not authorize a new for-profit applicant that is expected to derive more than fifty-percent (50%) of its annual food sales revenue from WIC food instruments, unless that applicant is necessary to ensure participant access to program benefits.</p>
Sanitation	<p>The Applicant shall be in compliance with all state, municipal and local sanitation standards and must have a current Permit to Operate posted in the store.</p>
History of Compliance	<p>The Applicant shall not have been sanctioned or disqualified from participating in the Food Stamp Program or another Arizona WIC Program for a period of five (5) federal fiscal years prior to application.</p>
Community Acceptance	<p>An Applicant who previously participated as an Arizona WIC Program Vendor shall not have any substantiated participant complaints for a period of five (5) federal fiscal years prior to the application date.</p>

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Vendor Selection and Authorization (Continued)

Training	The Applicant shall accept mandatory training by the Department as a prerequisite to approval of the Vendor Contract. The Vendor shall also accept regional, state location and in-store training and shall implement corrective action(s) when a violation of state or federal rules or policies and procedures occur as outlined in the Training of Vendors, Section B.
Conflict of Interest	There shall be no conflict of interest between the Vendor and the Department or the local agency and all provisions of A.R.S. § 38-511 apply to the Department's Contract with the Vendor.
Volume of WIC Business	<p>The Applicant which participated as a WIC Vendor during the previous Contract period and had an average of ninety (90) or fewer food instruments redeemed for the quarter of February, March, and April may be considered to have too low a volume, and may be evaluated as demonstrating a lack of demand for the Vendor applicant in the area.</p> <p>Exception: If the applicant has participated as a WIC Vendor during the previous Contract period for less than 12 consecutive months prior to submission of the application, volume of business will not be reviewed.</p>
Food Stamp Status	The Applicant shall have authorization from and operate in compliance with the Food Stamp Program regulations, except for pharmacy contracts only for the sale of special formula. Applicants who are currently disqualified from the Food Stamp Program shall not be considered as WIC Vendors. Applicants who have been assessed a Food Stamp Program civil money penalty for hardship, and the disqualification period that would otherwise have been imposed has not expired, will not be considered as a WIC Vendor, unless there is inadequate participant access.

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Business Integrity

The Applicant's owners, officers or managers shall maintain a standard of business honesty and maintain a reputation of good business practices. The applicant's owners, officers or managers shall not have a criminal conviction or civil judgment against them in the last six years.

The Department shall have the right to deny authorization or participation in the WIC program based on consideration of information regarding the business integrity and reputation as follows:

- Criminal conviction of or civil judgment against the owners officers or managers for:
 - Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public or private agreement or transaction
 - Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice
 - Violations of Federal, State and/or local consumer protection laws or other laws relating to alcohol, tobacco, firearms, controlled substances, and/or gaming licenses
- Administrative findings by Federal, State or local officials that do not give rise to a conviction or civil judgment but for which an Applicant is removed from such program, or the Applicant is not removed from the program but the Department determines a pattern exists of three (3) or more instances evidencing a lack of business integrity on the part of the owners, officer's and managers

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Business Integrity (Continued)

- Evidence of an attempt by the Applicant to circumvent a period of disqualification, a Civil Money Penalty or fine imposed for violations of the Federal WIC regulations and Department WIC policies and procedures.
- Previous WIC program violations administratively and/or judicially established as having been committed by owners, officers or managers for which a sanction had not been previously imposed and satisfied.
- Evidence of prior WIC program violations personally committed by the owner(s), or the officer(s) of the Vendor at one (1) or more outlets of a multi-outlet Contract, or evidence of prior WIC program violations committed by management at other outlets or multi-outlet Contracts which would indicate a lack of business integrity on the part of ownership and for which sanctions have not been previously imposed or satisfied.

Incentive Item Prohibition

For Vendor Applicants that receive or are likely to receive more than 50 percent of their annual food sales from the sale of supplemental foods obtained with WIC food instruments, incentive items* shall not be provided to WIC program participants.

*Incentive items or other free merchandise are: Free or reduced price food or other items, cash, lottery tickets, buy one-get one free, buy one-get one at a reduced price, free amounts added to an item by a manufacturer, manufacturer coupons, store loyalty cards, sales and specials for supplemental food, free or reduced price services except for the minimal customary courtesies of the retail food trade, such as bagging supplemental food for the participant and assisting the participant with loading the supplemental food into his/her vehicle.

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Vendor Selection and Authorization (Continued)

Timeframes for Action for Open Enrollment

- The Department will review all Vendor Applications by the middle of August.
- By the end of August, the Department will send a certified notice to all new Vendor Applicants whose applications were denied. Appeal rights shall be outlined in the notice.
- By the first day of September, the Department will send a certified notice to all current Vendors who did not file an application notifying them that their current Contract shall expire on September 30th.
- By the third week of September, the Department will send the fully executed Vendor Contract and Vendor information packet to each Applicant who was authorized to become a WIC Vendor.

Contract Approval

After evaluation of the Vendor application and upon a determination that the Applicant met all of the evaluation criteria, the Department will authorize the Vendor Applicant to become an approved Arizona WIC Program Vendor. Upon authorization, the Department will execute the Vendor Contract, assign the applicant a Vendor ID number and two (2) ID stamps so that it may begin to accept WIC food instruments at the beginning of the Contract period.

Prior to the execution of a Vendor Contract which covers more than one outlet, the Vendor shall file a list of outlets participating as WIC Vendors including:

- The name of each outlet
- Outlet numbers (if applicable)
- Its address and telephone number
- A contact person at each location responsible for the operation of the WIC food instrument redemption program
- The food stamp identification number of each outlet

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Vendor Selection and Authorization (Continued)

Termination of the Contract

Either the Vendor or the Department may terminate the Contract according to the terms identified in the Contract. The Contract will be terminated immediately if the Vendor ceases operations, ownership changes (whole or controlling interest), or the Vendor files bankruptcy, which causes ownership or control to change.

The Vendor must inform the Department, in writing, not less than thirty (30) calendar days before the date of termination, change of location, ownership or control of the business, or the date that the Vendor will cease business. The Department will send the Vendor a letter confirming the date of termination and the date by which food instruments must be deposited for payment.

When an outlet under one Contract ceases operations, the Vendor must complete in writing a Store Closure Notification form (See Appendix D) and submit it to the Department not less than thirty (30) calendar days prior to closure of the outlet.

All new WIC Vendors will have a Vendor Site Review after a minimum of thirty (30) days on the program. Failure to meet the minimum stock requirements during this visit will result in termination of the Vendor Contract.

The Vendor will not be eligible to re-apply for 180 calendar days from the date of the termination.

If the Vendor appeals the termination, the Department will not review a re-application for 180 calendar days from the date that the final administrative decision is rendered.

The Vendor must return its Vendor ID stamps to the Department within ten (10) calendar days of termination of the Contract, a change of ownership or control of the business, or termination of the business.

Note: WIC Vendor authorization is not transferable and the Contract shall be terminated. Therefore, if there is a change of ownership, the new owner must complete an application and meet all enrollment criteria.

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Expiration of the Contract	The Department will notify the Vendor at least fifteen (15) calendar days prior to the expiration of its Contract. Expiration of the Vendor's Contract is not subject to appeal.
Contract Termination and Disqualification	<p>The Department may terminate a Contract or disqualify a Vendor, which includes termination of the Contract, by providing the Vendor with thirty (30) calendar days advance written notice.</p> <p>Any Vendor that is disqualified from another Food and Nutrition Service (FNS) Program may be disqualified from the Arizona WIC Program for the same length of time. During the disqualification, the Department will not consider the Vendor for authorization as an approved WIC Vendor.</p>
Customer Relations	<ul style="list-style-type: none">• During the term of the Contract, the Vendor shall post in a conspicuous place the "We Accept Arizona WIC Food instruments" decal provided by the Department• The Vendor shall give WIC participants/authorized representatives the same courtesies shown to all other customers• The Vendor shall allow participants/authorized representatives access to all checkout lanes (excludes "Cash Only" and self serve lanes)• The Vendor shall ensure that all information pertaining to WIC participants/authorized representatives shall be confidential, except for Department and local agency monitoring, investigation or oversight• The Vendor shall accept food instruments for WIC participants/authorized representatives without regard to their race, color, disability, age, national origin or sex• The Vendor shall comply with:<ul style="list-style-type: none">➤ The non-discrimination provisions of Federal law➤ Regulations in 7 CFR Parts 15, 15a, 15b➤ Applicable provisions of the Americans with Disabilities Act of 1990➤ All state, municipal, and local sanitation standards

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Pricing

- The Vendor shall charge prices for WIC foods that are comparable to the prices charged by other similar type stores
 - The Vendor may contract pricing for WIC approved foods
 - The Vendor shall mark clearly the price of WIC approved foods either on the product container or the shelf
-

ID Stamp

The Vendor ID stamps are the property of the Department

The Department will provide the Vendor with two (2) Vendor ID stamps at the time of initial authorization

The Vendor is strictly responsible to maintain the ID stamps and store them in a secure location

The Department will replace, at no charge, an ID stamp which is worn. For a fee, the Vendor may order additional duplicate ID stamps from the Department

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Section B

Training of Vendors

Policy

Mandatory regional and initial training shall be established by the Department. The Mandatory regional training is an interactive training, which will occur once every three years.

The Department or its designee will provide mandatory regional or initial training to the owner or manager of each Vendor Applicant.

- All new Vendor Applicants, including those who have previously participated in the Arizona WIC Program **must** attend the regional or initial training before the Vendor Applicant will be accepted as an authorized Vendor. Any Applicant who fails to participate in the regional or initial training, as scheduled, will have its WIC Vendor application denied
- All current Vendors **must** attend the regional training as part of their current Contract. A Vendor's failure to participate in the regional training, as scheduled, may result in the termination of the Vendor's Contract
- A management representative or designee from each store location is required to attend the training as scheduled. Each Applicant/current Vendor representative will be expected to sign an attendance sheet at the beginning of the training session (only during the regional training) and will be provided a signed Training Acknowledgment form at the completion of training as proof of attendance
- Vendors who have a large employee turnover and/or have a large volume of Arizona WIC Program business are encouraged to have as many employees as possible attend regional and initial training

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Section B

Training of Vendors (Continued)

Policy (Continued)

- Training is designed so that the Vendor and its employees have minimal program violations and to improve service through communication.
- Training can also reduce food instrument redemption errors made by cashiers and bookkeepers and improve the integrity of the WIC Program so that participants receive only those foods intended to meet their nutritional needs
- The Department may provide in store or other training if the Department determines that the Vendor has violated its WIC Contract, Federal Regulations, or any Section of the Arizona WIC Program Policy and Procedure Manual - Vendor Management
- The Department will conduct training when requested by a Vendor, or as deemed necessary

Procedure

Mandatory Regional or Initial Training

The Department will provide mandatory regional or initial training to the owner or manager of each Vendor Applicant. In the case of a chain store or Applicants with more than one outlet, the manager or their designee of each outlet wishing to be authorized as a WIC Vendor must attend the mandatory regional or initial training before the outlet will be authorized to become a WIC Vendor. The recipient of the training will be responsible to ensure that its store or outlet operates in compliance with its WIC Vendor Contract, Federal Regulations and this Section.

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Section B

Training of Vendors (Continued)

Procedure (Continued)

The recipient of the training will also be responsible for training and oversight of its cashiers and other personnel who are responsible for handling WIC transactions. The mandatory training session will include:

- Explanation of the WIC Program
- Use of the Vendor Manual
- The Vendor's Role
- Approved and Non-Approved Foods
- Arizona WIC Food Instrument
- Arizona WIC ID Folder and Transfer Card
- Proxy Certification Form
- Use of Manufacturers Coupons, Store Specials or Discount Cards
- Correction of the Dollar Amount
- Alterations of a Food Instrument
- "X" Signatures
- WIC Redemption Procedures
- WIC Deposit Procedures
- WIC Payment Criteria
- Reimbursement of Rejected Food Instruments
- Use of the Vendor Reporting Card
- Minimum Stock Requirements
- WIC Vendor Price/Stock Report
- Vendor Monitoring
- Violations and Sanctions
- Vendor Rights and Responsibilities

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Section B

Training of Vendors (Continued)

Procedure (Continued)

When appropriate, the Department will provide the Vendor representative with a Vendor Manual and a training video that addresses WIC procedures and serves as a guide for Vendors to follow when presented with a problem concerning the Arizona WIC Program.

A local agency, (e.g. county health department) Vendor liaison will attend the mandatory regional training, if possible.

Annual Training

The Department shall be responsible for providing Vendor training annually. At least one Vendor representative for each outlet must participate in the annual training. The Department will have sole discretion to designate the date, time, and location of all interactive training. The Department shall provide at least one alternative date on which to attend such training. The annual training will:

- Include instruction on the purpose of the WIC Program
- Review approved and non-approved foods, including minimum stock requirements
- Review the procedures for redeeming and depositing food instruments
- Review the Vendor sanction system
- Review the complaint process
- Review the claims procedures
- Discuss any changes to program requirements since the last training
- Provide the Vendor with a name of a contact person for questions regarding the Arizona WIC Program

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Section B

Training of Vendors (Continued)

Procedure (Continued)

Documentation of Vendor Training

- Training Acknowledgment form. The owner, manager or their designee will be required to sign a Training Acknowledgment form for the following types of training:
 - Scheduled regional training
 - Scheduled initial on-site training
 - Requested on-site training
 - Other scheduled training
 - Vendor Site Review form. The owner, manager or their designee will be required to sign the Vendor Site Review form to acknowledge receipt of training on deficiencies found
 - The Department shall maintain a copy of the Training Acknowledgment and Vendor Site Review forms in their respective individual Vendor files
 - The Vendor will receive a copy of the Training Acknowledgment and Vendor Site Review forms at the time of the training and a copy will be mailed to a chain store's corporate office or to the headquarters' office of the store outlet, when more than one outlet is covered by the Contract
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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System

Peer Groups

Policy

The Department has developed a system to assign Vendor peer groups for high-risk analysis.

Procedure

The Department captures information from the Arizona WIC Program Vendor Application to determine peer group. Vendors are classified into the following peer groups:

1. Pharmacy (class1)
2. National/Regional or Local Chain (class 2)
3. Super Centers (class 3)
4. Large Urban Independent - more than \$750,000 total gross annual sales (class 4)
5. Small Urban Independent - less than \$750,000 total gross annual sales (class 5)
6. Large Rural Independent - more than \$750,000 total gross annual sales (class 6)
7. Small Rural Independent - less than \$750,000 total gross annual sales (class 7)
8. Above-50-Percent – more than fifty-percent (50%) annual food sales from WIC redemptions (class 8)
9. Military Commissary (class 9)

For peer group purposes, a chain is classified as a group of six (6) or more outlets listed under one (1) Contract

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Peer Groups (Continued)

Procedure (Continued) Information relative to the number of cash registers, square footage, hours of operation, number of employees, warehousing and delivery schedules, etc. is collected and may be used for further comparison. For example, comparisons are made among volume of food instrument redemptions and sales and geographic area.

Data reports are produced which provide both peer group and redemption comparison data.

High-risk Vendor reports can be generated from the Arizona In Motion (AIM) automation system. These reports will be run to identify high risk Vendors, who will be monitored through compliance buys and/or inventory audits.

Food Redemption Screening

Policy The Department will enforce the standards established in this section for food instrument payment.

Procedure

Acceptance of WIC Food Instruments Refer to the Vendor Manual for the proper food instrument redemption procedures.

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Deposit of WIC Food Instruments

The Department prints conditional drafts, which are called food instruments. The food instrument is taken to the Vendor for redemption.

The Department will not pay WIC food instruments which are incorrectly completed. Therefore, prior to deposit, it is recommended that the Vendor review the food instrument(s) to ensure that payment will be made.

The Vendor must clearly stamp each food instrument with its authorized WIC Vendor ID stamp in the box on the food instrument that states, "Pay to the order of:".

Note: If the Vendor is an authorized Inter Tribal Council of Arizona, Inc. or Navajo Nation WIC Vendor, the Vendor **may not** use the other WIC Program's ID stamp to validate an Arizona WIC Program food instrument.

The Vendor must endorse and deposit the food instrument in its financial institution. Food instruments **must** be deposited no later than sixty (60) calendar days from the "first date to use" printed on the food instrument. Food instruments submitted for payment after this date will **not** be honored.

The Vendor's financial institution routes the food instrument(s) through the Federal Reserve System to the Arizona WIC Program's banking contractor.

Food instruments received for payment by the banking contractor are reviewed according to standardized criteria. Food instruments that meet all criteria are accepted for payment, and the funds are credited to the Vendor's account through standard banking procedures.

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Rejected WIC Food Instruments

Food instruments that do not meet all of the designated criteria are rejected for payment by the Arizona WIC Program's banking contractor and are returned to the Vendor through standard banking procedures.

There are two types of Vendors authorized by the Department. The two types are Regular Vendors and Above-50-Percent Vendors. They are defined in Chapter one (1) of this Policy and Procedure Manual.

The payment criteria established for unreasonable dollar amount and over the maximum dollar amount printed on the food instrument are different for Regular Vendors and Above-50-Percent Vendors. Payment will be made as defined below:

- Regular Vendors will be paid the maximum amount allowed based on the Vendor's peer group
- Above-50-Percent Vendors will be paid for the maximum amount allowed based on the Vendor's peer group, which is no more than the average redemption amount for all Regular Vendors by food instrument type

Food instruments rejected for payment by the banking contractor for unreasonable dollar amount and for over the maximum dollar amount printed on the food instrument are paid through the Automated Clearing House (ACH) process. A Vendor must provide authorization to its bank to receive ACH payments.

All other payment criteria for rejected food instruments are the same for Regular and Above-50-Percent Vendors. Payment criteria for all rejected food instruments are outlined on the following pages.

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Vendor Management

Section C

High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

Rejected WIC Food Instruments (Continued)

The Arizona WIC Program's banking contractor will reject food instruments for only one reason at a time. When rejected food instruments are sent to the Department for a second level review, the Department will review them for **all** payment criteria. The table below shows how the different reject reasons affect reimbursement.

Reject Reasons Table

REJECT REASON	REIMBURSEMENT
*Unreasonable Dollar Amount	Yes, payment will be made. The Vendor will be paid through ACH, the maximum value established for the food instrument type based on the vendor's peer group, but not more than the maximum stated on the food instrument. Submit for second level review.
*Over the Maximum	Yes, payment will be made. The Vendor will be paid through ACH, the maximum value established for the food instrument type based on the vendor's peer group, but not more than the maximum stated on the food instrument. Submit for second level review.
Missing Vendor ID Stamp	Yes, payment will be made. Clearly stamp the food instrument(s) with the authorized Vendor ID stamp and redeposit the food instrument(s), one time only within sixty (60) calendar days of the first date to use. See Second Level Review for Extenuating Circumstances in this Chapter for food instrument(s) that cannot be re-deposited within the time frame indicated above.
Unreadable Vendor ID Stamp	Yes, payment will be made. Clearly stamp the back side of the food instrument(s) with the authorized Vendor ID stamp and submit for second level review.

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*NOTE: UNREASONABLE DOLLAR AMOUNT and OVER THE MAXIMUM are paid according to the Vendor type (Regular or Above 50 Percent).

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Vendor Management

Section C

High Risk Identification System (Continued)

Food Redemption Screening Procedure (Continued)

**Reject Reasons
Table (Cont)**

REJECT REASON	REIMBURSEMENT
Missing Signature	No, payment will not be made. Food instruments rejected for payment due to a missing signature will never be paid. Vendors must obtain the signature before depositing the food instrument for payment.
Altered Food Instruments	No, payment will not be made. Payment will never be made if white-out was used.
Stale Date (Deposited Beyond Sixty (60) Calendar Days of First Date to Use	No, payment will not be made. Vendors must submit the food instrument within sixty (60) calendar days of the "first date to use" printed on the food instrument.
Cashed Early	No, payment will not be made. Food instruments rejected for payment due to early cashing (accepted prior to the "first date to use" printed on the food instrument) will never be paid. Vendors must verify the dates are valid before redeeming the food instrument.
Cashed Late	No, payment will not be made. Food instruments rejected for payment due to cashing after the "last date to use" will never be paid. Vendors must verify that the dates are valid before redeeming the food instrument.

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment

Policy

Upon written request, the Department will provide authorized Vendors with the opportunity for a second level review of food instruments initially rejected for payment.

- The second level review will use the criteria established in this Section to determine if the rejected food instrument qualifies for no, partial or full payment
- Bank charges for returned food instruments will not be reimbursed

Vendors will be notified in writing of the decision made after the second level review

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Cont)

Procedure	The second level review is conducted only by the Department.
Second Level Review – Vendor Responsibilities	<p>The Vendor is responsible to:</p> <ul style="list-style-type: none">• Submit the rejected food instrument(s) to the Department within ninety (90) calendar days of the first date to use. All food instruments submitted ninety (90) calendar days after the first date to use may not be accepted for consideration• Submit a written explanation of all extenuating circumstances related to the rejection of the food instrument(s). (See “Extenuating Circumstances” in this Section)• Notify the Department in writing if it is to send the reimbursement(s) to an address other than that listed on the Vendor Contract• The replacement food instrument must be endorsed showing that the payee and the Vendor’s endorsement match• The replacement food instrument must be deposited in the Vendor’s named bank for payment not later than thirty (30) calendar days after the issue date for the replacement food instrument

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Cont)

Second Level Review - Department Responsibilities

All food instruments received by the Department for second level review are entered on the "Rejected Food Instrument (FI) Replacement Log" noting:

- Vendor name and outlet number, if applicable
- Vendor identification number
- Replacement food instrument serial number
- Review food instrument serial number
- First date to use listed on the food instrument
- Food instrument type
- Food instrument redemption amount
- Replacement food instrument amount
- Date the food instrument was reviewed
- Reviewer's initials
- Any relative comments

The Department will review the food instrument and determine if it can be paid. The Department will:

- Determine if the food instrument was submitted within ninety (90) calendar days after the first date to use.
 - If the food instrument was submitted more than ninety (90) calendar days after the first date to use, the Department may reject the food instrument and note on the "Rejected Food Instrument (FI) Replacement Log" that the food instrument was rejected for payment for this reason (skip the rest of the steps and go to "food instruments denied payment" in this section).
 - If the food instrument was submitted within ninety (90) calendar days of the first date to use, the Department will continue the evaluation.
 - Determine if any rejection criteria apply (see criteria under Rejected WIC Food Instruments in this section).
-

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Cont)

Second Level Review - Department Responsibilities (Continued)

Department staff will note on the "Rejected Food Instrument (FI) Replacement Log" whether the food instrument was accepted or rejected for payment according to the rejection criteria indicated in this section.

If the Department determines that the food instrument should not be paid, the Department shall note on the "Rejected Food Instrument (FI) Replacement Log" that the food instrument was rejected for payment. (When the food instrument is rejected, go to "food instruments denied payment" of this Section).

The Department shall issue a "replacement" food instrument for food instruments accepted for payment as follows:

- If more than one food instrument is to be replaced, the replaced dollar amount for each food instrument shall be added to calculate the total reimbursement due to the Vendor. The sum of the total reimbursement shall not exceed two hundred (200) dollars.
- Complete the "replacement" food instrument.
- Submit the "replacement" food instrument to an authorized Department staff person for review and signature.

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Cont)

Second Level Review - Department Responsibilities (Continued)

The Department will return food instruments denied payment at the second level of review to the Vendor along with a letter explaining the reasons for denial

Note: The Department will mark with a red “S” in the lower right hand corner all food instruments, which are denied payment at the second level review and returned to the Vendor to indicate that they have been reviewed by the Department.

Document the transaction:

- The Department will keep a photocopy of the letter sent to the Vendor describing the disposition of food instrument(s) submitted for review in the Vendor’s file
- The Department will keep a photocopy of the food instrument(s) rejected for payment at the second level review in the Vendor’s file
- Rejected food instrument(s), which have been reimbursed, will be stapled to the white tissue copy of the “replacement” food instrument with any supporting documentation and filed according to each federal fiscal year

Extenuating Circumstances

The Department review will consider extenuating circumstances which merit payment of the food instrument. Extenuating circumstances include:

- Missing Vendor ID Stamp

The Department will replace a food instrument, which has a missing Vendor stamp if:

- The endorsement and redemption were made by the Arizona WIC Program Vendor
- The Vendor provides a written explanation which documents it was administratively impossible for the Vendor to redeposit the rejected food instrument within sixty (60) calendar days after the first date to use
- The Vendor clearly stamps its Vendor number on front of the food instrument and there is no other reason for rejection

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

Review for Reimbursement of Food Instruments Initially Rejected for Payment (Cont)

Second Level Review - Department Responsibilities (Continued)

Extenuating Circumstances (Continued)

- Stamped with another WIC Program Vendor ID Stamp
- The Department will replace a food instrument stamped with another WIC Program Vendor ID stamp if:
- The endorsement and redemption were made by an Arizona WIC Program Vendor
 - The Vendor clearly stamps the Arizona WIC Program Vendor ID number on the back of the food instrument and there is no other reason for rejection

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Chapter Eighteen

Vendor Management

Section C

High Risk Identification System (Continued)

WIC Price/Stock Reports

Policy

The Department requires all Vendors to verify and complete a WIC Price/Stock Report (see Appendix A) semi-annually to evaluate and ensure that competitive price criteria continues to be met throughout the term of the Vendor Contract.

The Enrollment WIC Applicant Price/Stock Report is required for the enrollment process and does not replace the WIC Price/Stock Reports due semi-annually

Procedure

- All Vendors must accurately complete and return the Semi-annual WIC Price/Stock Report, no later than the fifteenth (15th) calendar day of March and September

Exception: Pharmacies shall be exempt from this requirement if they were contracted to provide only “special WIC infant formula”.

Note: Chain stores must submit one consolidated semi-annual WIC Price/Stock Report for all outlets. However, if prices vary for each outlet and/or region, a separate report must be submitted for each outlet and/or region.

- All Vendors are required to submit additional WIC Price/Stock Reports when requested by the Department.
 - All Vendors may submit additional WIC Price/Stock Reports when there is a wholesale price increase.
 - All Vendors must complete and submit the Semi-annual WIC Price/Stock Report Certification Form (page 1) with each report.
 - The Department will not accept a facsimile in lieu of the original WIC Price/Stock Report.
 - The Department will not accept the Semi-Annual WIC Price/Stock Report prior to the beginning of the month in which they are due (March and September).
-

Chapter Eighteen

Vendor Management

Section D

Routine Monitoring

Policy

- The Department is responsible for comprehensive monitoring of all authorized Vendors to ensure that they understand the WIC program's rules, regulations and procedures. The Department may monitor Vendors through, but not limited to, the following measures:
 - Vendor Site Review
 - Reject food instrument report reviews
 - Compliance investigations
 - Inventory audits
 - WIC participant/authorized representative and clinic complaints.
- Vendors monitoring responsibilities may be delegated to a contractor
- The Department or contractor shall visit each Vendor prior to, or at the time of, initial authorization
- Vendors may be selected for monitoring based on their volume of WIC program sales, past program abuse, history of unusually high prices of authorized foods, complaints, availability or variety of authorized foods, submission of suspicious food instruments or other concerns of the Department
- Execution of the Contract authorizes the Department to perform any and/or all monitoring, as the Department deems appropriate
- The Department and contractor may conduct follow-up on Vendors who are reported on the Arizona WIC Program Participant Reporting Card

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Procedure

Vendor Site Reviews

A Vendor Site Review is an unannounced on site visit. These visits are unannounced because, if an appointment is made, the Vendor may be well stocked, but may not have adequate WIC stock when the participant/authorized representative redeems food instruments. Appointments may be made for training purposes only. As outlined in the Vendor Contract, the Vendor cannot refuse to allow a Vendor Site Review to be conducted. A Vendor Site Review may be conducted at any time the Vendor is open for business.

There shall be four types of Vendor Site Reviews:

- INITIAL: First time visit for a new applicant or change of owner (an appointment will be made for training purposes)
- INITIAL FOLLOW-UP: Follow-up visit for a new applicant or change of owner that did not meet the required minimum WIC stock during the initial visit
- REPRESENTATIVE: Chosen at random; and will be completed for all new Vendors after a minimum of thirty (30) days on the program
- HIGH RISK: Identified by low inventory, participant/authorized representative complaints, sanitation issues, etc

Vendor Site Reviews may be conducted by Department personnel as follows:

- At a minimum, annually during each federal fiscal year (October through September) for at least five percent (5%) of the authorized Vendor population
- The above-mentioned Vendor Site Reviews will not include initial reviews
- Only the Department will be responsible for Vendor Site Review monitoring at military commissaries and pharmacies

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

Vendor Site Reviews will be conducted with corrective action follow-up completed.

Training and education to participating Vendors will be provided at the time of the visit.

Vendor Site Reviews will be used to substantiate abuse and fraud under the Violations and Sanctions established in this manual.

The Vendor Site Review form will document the following information:

- Date of and reason(s) for the review
- Statement of problems/deficiencies identified on a previous Vendor Site Review conducted or complaints experienced by WIC participants/authorized representatives or WIC staff
- Current Vendor prices for WIC foods offered whether or not the prices are documented on the shelf
- Examination of Arizona WIC food instruments in the possession of the Vendor at the time of the site review for proper completion of food instrument redemption requirements
- Corrective action taken by the Vendor since the last visit when problems or deficiencies were noted (during current or prior Federal Fiscal Year)
- Corrective action recommended and target correction date of current visit
- Training and/or counseling given on proper WIC policies and procedures
- Vendor comments, if applicable, must include how the Vendor plans to correct deficiencies found
- If no deficiencies are found, the following statement will be documented on the form: "Did not have any discrepancies uncovered during this review", with the date of the review entered by the reviewer

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

For Vendor Site Reviews, the procedures upon arrival shall be:

- Upon arrival at the Vendor's location, the WIC representative will document the time, look for the WIC decal, and determine whether there is appropriate wheelchair access to the store
- The WIC representative will introduce him/herself to the manager or person in charge and discuss the purpose of the visit and explain what he/she will be doing
- If a WIC decal was not displayed, the WIC representative will provide the store representative with two (2) WIC decals (one English and one Spanish) and ask that the decals be posted before the end of the on-site visit.

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The following items will be checked during the store visit:

- WIC foods - All quantities, sizes, brands, varieties, and highest shelf price listed on the Price/Stock form for all WIC foods offered - both on the shelf and in-store storage
- Prices - Prices should be clearly marked on the merchandise or shelf
- Store sanitation - Current Health Operation Permit, which is posted, freezer and refrigeration temperatures, and clean appearance of the store
- Treatment of WIC participants/authorized representative/personnel - Observe attitude of Vendor's employees toward WIC participants/authorized representatives, if possible, and WIC personnel
- ADA compliance - Observe compliance with the American's With Disabilities Act. For example, if you were wheelchair bound would you have access to WIC foods (access would include the ability to request a store clerk to obtain a WIC food that is unreachable)
- Food instruments - Review food instruments in the possession of the Vendor to determine if proper redemption procedures are being followed. If the store is large, request food instruments from at least one cash register
- WIC ID Stamp - Observe the condition of the Vendor's WIC ID stamp(s)

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

Upon completion of the review, the following items will be discussed with the store representative:

- The food instruments reviewed, indicating proper or improper redemption procedures
- Vendor ID stamp(s) which is/are not legible
- Results of the Vendor Site Review, indicating any deficiencies found and/or corrective action taken from a previous site visit, if applicable
- Any questions, problems, or suggestions regarding the Arizona WIC Program
- When deficiencies are found, the store representative will be advised that a follow-up visit will be conducted
- The store representative will be asked to sign the form, to document any comments, and may be asked to explain how the corrective action will be implemented

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The representative performing the Vendor Site Review will have on hand the Vendor Site Review step-by-step instruction sheet and the following:

- Sample Vendor Contract
- Vendor Manual
- Sample WIC food instrument
- WIC Decals (English and Spanish)
- Sample WIC ID Folder/Transfer Card and Proxy Certification form
- Minimum stock requirement
- Arizona WIC Programs Food List
- WIC telephone numbers
- Supply order form

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The Vendor Site Review form may be used to document all training and/or counseling of Vendors. Documentation will be on file to prove that the Vendor has received training and/or counseling. The pink copy of the Vendor Site Review form will be left with the Vendor at the time of the visit and a copy will be mailed to a chain store's corporate office or to the headquarter office of the store outlet, when more than one outlet is covered by the Contract. Training and education will include the following:

- Review of proper program procedures and/or requirements as indicated in the Vendor Contract and/or Vendor Manual
- Review approved and non-approved foods
- Review Vendor practices
- Discuss problem areas, expected compliance, and how the Vendor plans to correct deficiencies, if applicable
- Discuss sanctions that may be applied
- Inform Vendor of who to contact for questions regarding the Arizona WIC Program

The Department will accurately:

- Complete all information requested on the Vendor Site Review form
- Document corrective action taken on deficiencies of a previous visit and if no other deficiencies are found, document that the Vendor appears to understand current WIC policies
- Document deficiencies found during this visit and the training provided
- Have the store representative document how the store plans to correct the deficiencies found

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Chapter Eighteen

Vendor Management

Section D

Routine Monitoring (Continued)

Vendor Site Reviews (Continued)

The Department will maintain all original Vendor Site Review forms in the individual Vendor's file.

Vendor Site Review forms are analyzed for the following:

- Condition of Vendor ID stamp
- Vendor food instrument redemption procedure training necessary for discrepancies noted when reviewing food instruments
- Whether corrective action of previous visit(s) was implemented
- Current corrective action necessary
- Vendor comments
- Need for materials and/or additional training for staff
- Non-compliance with minimum stock requirements
- Price increases or decreases
- Sanitary conditions of the store
- Whether the Vendor is subject to sanction (See Violations and Sanctions).

Review Of Rejected Food Instruments

The Department will review the Vendor reject report as necessary to ensure that the Vendor is following the correct food instrument redemption procedures. The report documents the food instruments rejected for payment by the Vendor and the reason for the rejection.

The report will be analyzed to determine if the program error(s) are subject to sanctions (See Violations and Sanctions).

Chapter Eighteen

Vendor Management

Section E

Compliance Investigations

Policy

The Department shall conduct compliance investigations to determine the Vendor's compliance with WIC Program requirements. Compliance investigations may include compliance buys and/or inventory audits.

Annually, compliance investigations will be conducted of a minimum of five percent (5%) of all Vendors authorized by the Department as of October 1 of each fiscal year.

The Department will conduct compliance investigations on all high risk Vendors up to the five percent (5%) minimum. If more than five percent (5%) of the Department's Vendors are identified as high risk, the Department will prioritize those Vendors so as to perform compliance investigations of those determined to have the greatest potential for program non-compliance and/or loss of funds.

Compliance investigations may also be conducted on a random basis or on those Vendors suspected of violating WIC Program requirements and/or federal, state and local laws.

Execution of the Contract by the Vendor authorizes the Department to perform compliance investigations.

The Vendor is responsible to maintain all documents and records that pertain to their participation in the Arizona WIC Program for a period of five (5) federal fiscal years from either the expiration or termination of their contract, or the final payment under their contract.

Procedure

The compliance buy is an investigation involving an undercover (covert) on-site visit in which an individual poses as a WIC participant/authorized representative/proxy and uses WIC food instruments to determine compliance by the Vendor with WIC Program requirements.

Chapter Eighteen

Vendor Management

Section F

Inventory Audits

Policy

The Department will conduct inventory audits on Vendors to determine their compliance with WIC program requirements.

Execution of the Contract by the Vendor authorizes the Department to perform inventory audits.

The Vendor is responsible to maintain all documents and records that pertain to their participation in the Arizona WIC Program for a period of five (5) federal fiscal years from the expiration or termination of their contract; or the final payment under their contract.

Procedure

The inventory audit will include a comparison of a Vendor's documented inventory of a supplemental food item against the Vendor's claimed reimbursement for the sale of that supplemental food item for a specific period of time

Chapter Eighteen

Vendor Management

Section G

Complaint Reporting

Policy

The Department will accept complaints from participants, authorized representatives, proxies and Vendors who report fraud and/or abuse of the WIC Program.

The identity of the complainant, if requested, will be confidential.

Note: Department and local agency WIC staff should remind participants, authorized representatives, proxies and Vendors that the Arizona WIC Program Integrity Team wants to know about their problems and that they are an important source of information.

Procedure

Participants may file a complaint against a Vendor for WIC program violations by calling the Toll Free Complaint Hotline or by contacting the WIC Program by mail, phone or in person. Complaints by participants against Vendors may include, but are not limited to:

- Vendor's employee was verbally abusive.
- Vendor was out of WIC authorized food(s).
- Vendor sold expired infant formula.
- Vendor overcharged for WIC food(s).

Vendors may file a complaint against a WIC participant/ authorized representative/proxy by calling the Toll Free Complaint Hotline or by contacting the WIC Program by mail, phone or in person. Complaints by Vendors against participants/authorized representatives/proxies may include but are not limited to:

- Participant/authorized representative/proxy was verbally abusive to Vendor employee.
- Participant/authorized representative/proxy attempted to purchase unauthorized WIC food(s).
- Participant/authorized representative/proxy attempted to return food purchased with WIC food instrument(s) for a cash refund.

The Department will take the appropriate follow up action on all complaints received.

Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions

Policy

Federal statutes and regulations and Arizona Department of Health Services policies and procedures require sanctioning contracted WIC Vendors determined to be violating:

- WIC program federal regulations
- State statutes
- The WIC Vendor Contract
- The Vendor Manual
- WIC program policies and procedures.

The Department may sanction Vendors violating program requirements by imposing:

- Administrative fines
- Monetary claims
- Civil money penalties
- Terminations or disqualifications from the WIC program
or
- Any combination of sanctions

Vendor violations may be intentional or unintentional. The Department may refer Vendors who commit fraud and/or abuse of the WIC program to federal, state or local authorities for prosecution under applicable statutes.

The Department may sanction Vendors for a combination of violations or any violations of the:

- Terms of the Vendor contract
- Federal or state statutes or regulations
- WIC Program policies and procedures
and/or
- Other applicable statutes, rules or regulations

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Policy (Continued)

The imposition of sanctions shall not be construed as excluding or replacing any other criminal or civil sanction, penalty, or remedy applicable under any federal, state or local statutes.

Vendor violations and/or sanctions in preceding contract periods may impact Vendor qualifications for authorization in subsequent contract periods.

Violations of the WIC Program which occurred during the previous contract period may be carried over and used as a basis for:

- Administrative fines
- Civil money penalties
- Monetary claims
- Termination
- Disqualification
- Criminal prosecution
- Denial of an application for a WIC Vendor contract
- or
- Other sanctions, or any combination of sanctions, under any subsequent contracts in accordance with WIC Program Policies and Procedures

All references in this document to participants include WIC participants, parents or caretakers of infant and child participants, or proxies. All references to days or years in this document refer to calendar days or calendar years.

The Department has two levels of violations: those that result in Department sanctions and those that result in federally mandated sanctions.

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

SubSection A: Department Sanctions - Administrative and Procedural Violations

Under this subsection, Vendors are subject to administrative fines and/or termination and disqualification, and any combination of sanctions. Vendors who fail to pay a fine as required will be terminated and disqualified for one year.

A violation under SubSection A will remain on the Vendor's record for sanction purposes for 12 calendar months from the date of that violation. If the Department is able to determine that the Vendor has complied after being sanctioned for a violation in SubSection A, then any subsequent incidence of that violation will be considered an initial incidence of that violation.

If the Department determines that disqualification of a Vendor would result in inadequate participant access, a civil money penalty will be imposed. (See SubSection E for civil money penalty calculation).

THE FIRST INCIDENCE OF ANY VIOLATIONS 1 – 17 LISTED BELOW WILL RESULT IN A WARNING LETTER. ADDITIONAL INCIDENCES WILL RESULT IN ADMINISTRATIVE FINES OR TERMINATION AND DISQUALIFICATION FROM THE WIC PROGRAM.

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Department Sanctions – Administrative Violations

Violation	Second Incidence	Third Incidence	Fourth Incidence
1. Accept a food instrument, which is outside valid dates, post dated or missing a signature.	\$100.00	\$200.00	Termination of Contract and one year disqualification
2. Failure to verify signature on ID folder or proxy form against signature on food instrument.	\$100.00	\$200.00	Termination of Contract and one year disqualification
3. Failure to offer program participants the same courtesies offered to other customers.	\$100.00	\$200.00	Termination of Contract and one year disqualification
4. Require identification other than the WIC ID folder or proxy form to use WIC food instrument(s).	\$100.00	\$200.00	Termination of Contract and one year disqualification
5. Failure to allow WIC participants to use coupons or other promotional specials (does not apply to infant formula purchases).	\$100.00	\$200.00	Termination of Contract and one year disqualification
6. Failure to record the total actual price on the WIC food instrument before obtaining the WIC participant's signature on the food instrument.	\$100.00	\$200.00	Termination of Contract and one year disqualification
7. Failure to display the current price of an authorized WIC food item on the item, shelf or nearby sign.	\$100.00	\$200.00	Termination of Contract and one year disqualification
8. Require other cash purchases as a condition to use WIC food instruments.	\$100.00	\$200.00	Termination of Contract and one year disqualification

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Department Sanctions – Administrative Violations (Continued)

Violation	Second Incidence	Third Incidence	Fourth Incidence
9. Approach, solicit or leave advertisements or other promotional items for WIC applicants or participants at the WIC State Agency or Local Agency WIC Clinics.	\$100.00	\$200.00	Termination of Contract and one year disqualification
10. Failure to maintain required minimum stock.	\$200.00	\$400.00	Termination of Contract and one year disqualification
11. Collect sales tax on a WIC food purchase.	\$200.00	\$400.00	Termination of Contract and one year disqualification
12. Allow the return of food items purchased with WIC food instruments in exchange for food items not authorized by the WIC Program or for WIC food items not listed on the WIC participants' food instruments.	\$200.00	\$400.00	Termination of Contract and one year disqualification
13. Contact WIC participants to attempt to collect funds that will not be or were not paid to the Vendor by the WIC Program.	\$200.00	\$400.00	Termination of Contract and one year disqualification

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Department Sanctions – Administrative Violations (Continued)

Violation	Second Incidence	Third Incidence	Fourth Incidence
14. Charging WIC participants for authorized WIC foods obtained with WIC food instruments.	\$200.00	\$400.00	Termination of Contract and one year disqualification
15. Failure to submit a WIC Vendor Price/Stock Report as required.	\$200.00	\$400.00	Termination of Contract and one year disqualification
16. Use of the WIC logo or the acronym "WIC" without written approval from the Department and the USDA.	\$500.00	\$1000.00	Termination of Contract and one year disqualification
17. *Provide incentive items** or other free merchandise to WIC Program participants.	\$500.00	\$1000.00	Termination of Contract and one year disqualification

***Note:** This violation only applies to for-profit Vendors for which more than 50 percent of the annual revenue of the Vendor from the sale of food items consists of revenue from the sale of supplemental foods that are obtained with WIC food instruments.

****Incentive items or other free merchandise are defined as:** Free or reduced price food or other items, cash, lottery tickets, buy one, get one free, buy one get one at a reduced price, free amounts added to an item by a manufacturer, manufacturer coupons, store loyalty cards, sales and specials for supplemental food, free or reduced price services except for the minimal customary courtesies of the retail food trade, such as bagging supplemental food for the participant and assisting the participant with loading the supplemental food into his/her vehicle.

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

SubSection B:
Department
Sanctions –
Fraud and
Abuse

The Department will immediately impose the sanction indicated for one incidence of the violations listed in this subsection. The Department will not provide prior warning that violations were occurring before imposing these sanctions.

If the Department determines that disqualification of the Vendor would result in inadequate participant access for violations 1 through 16 listed below in this section, a civil money penalty will be imposed in lieu of disqualification. (See SubSection E for civil money penalty calculation)

Department Sanctions – Fraud and Abuse Violations

Violation	Sanction
1. Failure to attend training as required by the Department.	Termination of Contract and six months disqualification
2. Failure to provide access to Vendor premises and/or in any manner to hinder or impede authorized WIC personnel in the act of conducting an on-site education, monitoring, inventory audit or investigation visit.	Termination of Contract and six months disqualification
3. Providing false or misleading information on the WIC Vendor Price/Stock reports.	Termination of Contract and one year disqualification
4. Threaten or verbally or physically abuse WIC participants.	Termination of Contract and one year disqualification
5. Threaten or verbally or physically abuse WIC program personnel in the conduct of official WIC program business.	Termination of Contract and one year disqualification
6. Make a false or misleading statement on a WIC Vendor application, contract or amendment.	Termination of Contract and one year disqualification
7. Existence of a conflict of interest between the Vendor and the Department or a local agency as defined by State or Federal statutes, regulations, rules or Department policies and procedures.	Termination of Contract and one year disqualification

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Department Sanctions – Fraud and Abuse Violations (Continued)

Violation	Sanction
8. Suspension, revocation, denial or failure to maintain a Health Code Permit or other license(s), permit(s) or certification(s) to operate a food store in the State of Arizona.	Termination of Contract and one year disqualification
9. Assessment of a civil money penalty for hardship in the Food Stamp Program.	Termination of Contract and disqualification for the period of time for which the Vendor would otherwise have been disqualified by the Food Stamp Program
10. Mandatory sanction by another WIC State agency.	Termination of Contract and disqualification from the Arizona WIC Program for the length of time as the disqualification assessed by the other State agency
11. Failure to maintain inventory records or other records the Department requires in the Vendor contract for a period of five years.	Termination of Contract and one year disqualification
12. Failure to make available to the Department, the United States Department of Agriculture, any law enforcement agency, Department of the Attorney General, or the Comptroller General of the United States, upon request, at a reasonable time and place for inspection and audit, all food instruments in the Vendor's possession and all program related records. (This includes failure to provide the Department legible copies, within 30 calendar days of the written request, all required program related records including purchase and inventory records for WIC authorized foods).	Termination of Contract and one year disqualification

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Department Sanctions – Fraud and Abuse Violations (Continued)

Violation	Sanction
13. Allow the return of food purchased with WIC food instruments in exchange for cash, credit or non-food items.	Termination of Contract and one year disqualification
14. Criminal conviction or civil judgment entered within the last six years against any of the owners, officers, partners or managers for any activity indicating a lack of business integrity. (Activities indicating a lack of business integrity include, but are not limited to, fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification of or destruction of records, making false statements, receiving stolen property, making false claims and obstruction of justice).	Termination of Contract and one year disqualification
15. Discriminate on the basis of race, color, disability (handicap), age, national origin or gender (sex).	Termination of Contract and one year disqualification
16. Purchase infant formula from a source that is not listed on the Arizona WIC Programs list of infant formula manufacturers, wholesalers or distributors.	Termination of Contract and one year disqualification

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

**SubSection C:
Mandatory
Sanctions
Under Federal
Regulations**

Federal Regulations at 7 C.F.R. § 246.12 require mandatory sanctions be imposed for violations listed in this section and also require that a pattern of incidences of a violation be established before imposing a mandatory sanction for violations numbered 4, 5, 6, 7, 8 and 9 listed below.

The Department will send the Vendor a single warning letter after the first incidence of a violation for violations numbered 4, 5, 6, 7, and 8 listed below. Additional compliance buys may be conducted after the warning letter is sent. The Department will not send any additional warning letters for subsequent incidences of violations numbered 4, 5, 6, 7 and 8 listed below prior to imposing the mandatory sanction. (No warning letters will be sent for violation number 9 and 10).

If the Department determines that disqualification of the Vendor would result in inadequate participant access, a civil money penalty may be imposed in lieu of disqualification for the violations numbered 2, 3, 4, 5, 6, 7, 8, 9 and 10 listed below (see SubSection E for civil money penalty calculation).

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Vendor Management

Section H

Violations and Sanctions (Continued)

SubSection C: Mandatory Sanctions Under Federal Regulations

Violation	Number of Incidences of the Violation Which will Result in the Indicated Sanction	Sanction and Length of Disqualification
1. Vendors <u>convicted</u> of trafficking in food instruments or selling firearms, ammunition, explosives, or controlled substances (as defined in Section 102 of the Controlled Substances Act (21 U.S.C. § 802)) in exchange for food instruments.	One	Termination of Contract and permanent disqualification
2. a. Buying or selling food instruments for cash (trafficking) or b. Selling firearms, ammunition, explosives, or controlled substances (as defined in 21 U.S.C. § 802) in exchange for food instruments.	One	Termination of Contract and six year disqualification
3. The sale of alcohol or alcoholic beverages or tobacco products in exchange for food instruments.	One	Termination of Contract and three year disqualification
4. Charging the WIC program more for supplemental food than non-WIC customers or charging the WIC program more than the current shelf price.	Three	Termination of Contract and three year disqualification
5. Charging the WIC program for supplemental food not received by the participant.	Three	Termination of Contract and three year disqualification

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

SubSection C: Mandatory Sanctions Under Federal Regulations (Continued)

Violation	Number of Incidences of the Violation Which will Result in the Indicated Sanction	Sanction and Length of Disqualification
6. Receiving, transacting and/or redeeming food instruments outside authorized channels, including the use of an unauthorized Vendor and/or an unauthorized person.	Three	Termination of Contract and three year disqualification
7. Providing credit or non-food items, other than alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives, or controlled substances (as defined in 21 U.S.C. 802), in exchange for food instruments.	Three	Termination of Contract and three year disqualification
8. Providing unauthorized food items in exchange for food instruments, including charging for supplemental food provided in excess of those listed on the food instrument.	Three	Termination of Contract and one year disqualification
9. Claiming reimbursement for the sale of an amount of a specific supplemental food item which exceeds the store's documented inventory of that supplemental food item for a specific period of time. Each month that a Vendor claimed reimbursement for the sale of a specific supplemental food item, which exceeded the Vendor's documented inventory of that supplemental food item, shall constitute an incidence of a violation. Three incidences of this violation will result in termination of the Contract and a three year disqualification.		
10. Vendors who have been disqualified from the Food Stamp Program shall be disqualified from the WIC Program. The disqualification shall be for the same length of time as the Food Stamp Program disqualification and may begin at a later date than the Food Stamp Program disqualification. The disqualification is not subject to administrative or judicial review under the WIC Program.		

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

**SubSection D:
Multiple
Violations
During a Single
Investigation**

When, during the course of a single investigation, the Department determines a Vendor has committed multiple violations (which may include violations subject to Department sanctions or federally mandated sanctions) the Department shall disqualify the Vendor for the period corresponding to the most serious sanction.

**SubSection E:
Civil Money
Penalty**

If the Department determines that disqualification of a Vendor would result in inadequate participant access, a civil money penalty will be imposed. The civil money penalty amount shall be determined by using the formula in USDA Federal Regulations at 7 C.F.R. § 246.12 (l) (1) (x). The formula is as follows:

Step I: Multiply 10% (.10) times the average monthly redemptions for the previous six calendar month period ending with the month preceding the month during which the notification of violation is dated.

Step II: Multiply the product of Step I by the number of months of the disqualification period.

The result of Step II will be the civil money penalty imposed. A civil money penalty shall not exceed \$10,000 for each violation.

When during the course of a single investigation, the Department determines a Vendor has committed multiple violations, the Department must impose a civil money penalty for each violation.

The total amount of civil money penalties for violations investigated as part of a single investigation shall not exceed \$40,000.

A civil money penalty shall not be imposed in lieu of disqualification for third or subsequent sanctions for violations listed in SubSection C, items 2, 3, 4, 5, 6, 7, 8, 9 and 10.

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

**SubSection E:
Civil Money
Penalty
(Continued)**

Vendors that have been convicted of trafficking (SubSection C - Item 1) in food instruments or selling firearms, ammunition, explosives or controlled substances in exchange for food instruments will be permanently disqualified from the WIC program. A civil money penalty in lieu of disqualification will not be considered even if disqualification of the Vendor would result in inadequate participant access or if the Vendor had at the time of the violation an effective policy and program in effect to prevent trafficking and the ownership of the Vendor was not aware of, did not approve of, and was not involved in the conduct of the violation.

If a Vendor does not pay, only partially pays, or fails to timely pay a civil money penalty assessed in lieu of disqualification, the Department must disqualify the Vendor for the length of the disqualification corresponding to the violation for which the civil money penalty was assessed (for a period corresponding to the most severe violation in cases where a mandatory sanction included the imposition of multiple civil money penalties as a result of a single investigation).

**SubSection F:
Second
Mandatory
Sanction**

A Vendor who previously has been assessed a sanction for any of the violations listed in SubSection C, items 2, 3, 4, 5, 6, 7, 8 and 9, and received another sanction for any of these violations, the second sanction will be doubled.

**SubSection G:
Third or
Subsequent
Mandatory
Sanction**

A Vendor who previously has been assessed two or more sanctions for any of the violations listed in SubSection C, items 2, 3, 4, 5, 6, 7, 8 and 9, and receives another sanction for any of these violations, the third sanction and all subsequent sanctions will be doubled.

**SubSection H:
No Voluntary
Withdrawal Or
Non-renewal Of
Contract**

The Department shall not accept voluntary withdrawal of the Vendor from the WIC program as an alternative to disqualification for the violations requiring a mandatory sanction under federal regulations listed in SubSection C. In addition, the Department shall not use non-renewal of the Vendor Contract as an alternative to disqualification for the mandatory sanctions in SubSection C.

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

SubSection I: Criminal Or Civil Prosecution

A Vendor who commits fraud or abuse in the WIC Program is liable to prosecution under applicable federal, state or local laws. Under federal law, those who have willfully misapplied, stolen, or fraudulently obtained program funds will be subject to a fine of not more than \$25,000 or imprisonment for not more than five years, or both if the value of the funds is \$100 or more. If the value is less than \$100, the penalties are a fine of not more than \$1,000 or imprisonment of not more than one year or both.

SubSection J: Change Of Business Entity

If a Vendor changes ownership at the same location through a change in business entity or the addition or deletion of partners, associates or principals, then any violations which occurred under the previous contract will carry over to the new contract and may be used as a basis for termination and/or disqualification action or other sanctions. Such changes in ownership may include, but are not limited to, a change from a sole proprietorship or partnership to a corporation where the previous individual owner(s) or one or more partner(s) remain as an officer or shareholder of the new corporation.

SubSection K: Termination/ Denial/ Disqualification

Vendors may appeal denial of authorization, an administrative fine, termination, disqualification, or a civil money penalty according to the most recent administrative hearing procedures issued by the Department. However, a termination and disqualification which is based on a Food Stamp Program disqualification **is not subject to administrative or judicial review.**

For those cases where a Vendor has timely appealed a termination or termination and disqualification action, and the Vendor was allowed to continue on the program, all provisions of the WIC Vendor contract will continue to apply, including sanctions for noncompliance, during the time period the contract is in effect.

Vendors who are terminated and disqualified may apply for a WIC Vendor contract after the disqualification period ends. The Vendor must meet all current requirements for a WIC Vendor Contract including the selection plan and limitation policy requirements. The Department will not consider contracting with a Vendor during any disqualification period from the WIC Program.

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Chapter Eighteen

Vendor Management

Section H

Violations and Sanctions (Continued)

Subection L: Food Stamp Disqualification

Disqualification from the WIC Program for any of the mandatory sanctions listed in SubSection C of this Sanction Policy may result in disqualification as a retailer in the Food Stamp Program. Such disqualification is not subject to administrative or judicial review under the Food Stamp Program.

Chapter Eighteen

Vendor Management

Section I

Coordination with the Food Stamp Program

Policy

The Department has a cooperative agreement with the Food Stamp Program. Both programs regularly exchange information regarding authorized Vendors on each of their programs.

This exchange of information includes adverse actions taken by each program against their respective authorized Vendors.

The Department also refers Vendors suspected of violating Federal or State laws to the United States Department of Agriculture, Office of Inspector General for investigation and possible criminal prosecution.

Procedure

The Department will provide the Phoenix Food and Nutrition Services (FNS) Field Office with a list of authorized Vendors not less than annually.

The Department will receive Food Stamp Program redemption information via STARS or from the Phoenix Field Office, as needed, as a component of the Vendor enrollment criteria or monitoring activity.

The Department may provide the local Office of Inspector General with a list of authorized Vendors, selected redemption information and high risk reports.

The FNS will provide the Department with notice of Food Stamp Program disqualifications.

The Department will provide FNS notice of WIC disqualification within fifteen (15) calendar days after the date that the Vendor's administrative appeal has expired or after all administrative appeals have been exhausted. Notice will include, but not be limited to, a copy of the Vendor's notice of administrative action, which documents that the Vendor could be disqualified from the Food Stamp Program based on the WIC violations committed by the Vendor.

The Department will provide FNS with notice of any Vendor who has been assessed a Civil Money Penalty in lieu of disqualification, which will indicate the length of the disqualification period corresponding to the Vendor's violation.

Chapter Eighteen

Vendor Management

Section J

Staffing and Staff Training

Policy

The Department will provide standardized training for individuals who are responsible for Vendor monitoring and training activities.

Procedure

- A Contractor may perform Vendor monitoring activities as defined in Section D of this Chapter
 - A Contractor may perform Vendor investigation activities as defined in Section E of this Chapter
-

Chapter Eighteen

Vendor Management

Section K

Participant Access

Policy

Federal regulations require that the Department ensure that all WIC participants have adequate access to purchase their WIC food items. By ensuring adequate access to authorized Vendors, the Department assists WIC participants in meeting their nutritional goals and needs.

Authorization

The Department shall not authorize a new for-profit applicant that is expected to derive more than fifty percent (50%) of its annual food sales revenue from WIC food instruments, unless that applicant is necessary to ensure participant access to program benefits.

Prior to terminating or disqualifying a Vendor from participation in the WIC Program, the Department shall consider the adequacy of access by participants to authorized WIC Vendors.

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Chapter Eighteen

Vendor Management

Section K

Participant Access (Continued)

Procedure

The Department shall determine participant access is adequate when:

- There is at least one authorized Vendor within a one-mile radius of the Vendor being disqualified and
- The Department considered but did not find any geographic barriers for participants to access another authorized Vendor. Geographic barriers include, but are not limited to:
 - Mountains
 - Rivers
 - Lakes
 - Washes
 - Highways with limited access for crossing by vehicle or by foot

Prior to taking disqualification action, the Department shall document its participant access determination in the Vendor's file.

If the department, in its sole discretion, determines that disqualification of a Vendor would result in inadequate participant access, the Department shall impose a civil money penalty in lieu of disqualification, except when prohibited by 7 CFR §246.12.

Chapter Eighteen Vendor Management

Appendix A: Enrollment Price/Stock Report Form

See Following Pages

ENROLLMENT WIC APPLICANT PRICE/STOCK REPORT
INSTRUCTIONS

Complete all sections of pages 5, 6, and 7, documenting the price and quantity of each WIC food item currently on the shelf or in inventory housed at your store location. If a space is left blank, the WIC program will assume that your store does not have that particular food item. **Do not estimate or project prices or stock.** The Enrollment WIC Applicant Price/Stock Report must reflect **actual** shelf prices and **actual** stock on hand **at the time of completion**. [Exception: Pharmacies shall be exempt from this requirement if they are contracted to provide only "special infant formula".]

1. Carefully read through the Arizona WIC Program Minimum Stock Requirements on pages 2 through 4.
2. On pages 5, 6, and 7, answer all yes and no questions and list the **highest** actual shelf price for each WIC food item in stock. Fill in the price for the exact size listed. **NOTE:** You must carry both milk and soy based iron fortified infant formula. Low iron formula may not be counted in the quantity listed.
3. After completing pages 5, 6 and 7, sign below to certify the completion of this report and submit this report with the application packet.
4. If you would like a copy of this report, please copy before you submit your application.

CERTIFICATION

I certify that:

1. I am authorized to act on behalf of the Applicant.
2. I have verified that the required amounts of WIC inventory described on pages 5, 6, and 7, are either on the shelves or in inventory housed at the Applicant's store location listed on the application.
3. I have verified that the prices listed on pages 5, 6, and 7, are true and correct.

Signature

Date

Title

()

Telephone Number

Arizona WIC Program

MINIMUM STOCK REQUIREMENTS

Refer to the Arizona WIC Program Food List.

- Milk
- At least 28 gallons of any brand refrigerated milk. Gallon containers only.
- Must be** pasteurized and fortified.
- No** pints, quarts, or ½ gallons.
- No** organic, raw, goat's, acidophilus, chocolate or flavored milk, buttermilk, half & half, evaporated filled or sweetened condensed milk, non-dairy, or soy milk products.
- Juice
- At least 3 varieties of **WIC authorized** 100% juice, Vitamin C fortified with no added sugar (unsweetened).
- ** AND ****
- At least 48 - 46 ounce cans or plastic containers of single strength juice or 48 - 11.5 - 12 ounce cans or plastic containers of frozen concentrated juice **or** any combination of the above equal to 48 cans or plastic containers.
- No** 6-ounce frozen containers.
- No** glass bottles.
- No** non-frozen concentrates.
- No** organic, refrigerated or fresh juices.
- No** cocktail, fruit drink/punch, lemonade, limeade, tart cherry, pomegranate or pomegranate blend, Awake, Dole Pure & Light, Hi-C, Kern's Nectar, Sunny Delight or any flavor/style V8.
- Cheese
- At least 3 varieties of any brand, **WIC authorized** cheese. Must be domestic, prepackaged (10 to 16 ounces only) in blocks. Must be plain cheese with no added ingredients (i.e., peppers, pimentos, flavoring, etc.).
- ** AND ****
- A combined total of at least 8 pounds of cheese.
- No** organic or deli counter cheese.
- No** imported cheese or sliced shredded, cubed or string (except mozzarella), packages that are less than 10 ounces, cheese food, cheese product or cheese spread.

Arizona WIC Program

MINIMUM STOCK REQUIREMENTS

Refer to the Arizona WIC Program Food List.

- | | |
|--------------------------------|--|
| Eggs | <ul style="list-style-type: none">- At least 16 dozen, fresh, raw, white eggs. One dozen cartons of large only. <p>No organic or specialty eggs (e.g. Egglands Best and Cage Free).</p> <p>No brown eggs or 6-packs.</p> <p>No small, medium, extra large or jumbo eggs.</p> |
| Dry Beans
&
Peas/Lentils | <p>At least 1 variety of any type and brand of dry beans in a 1-pound package or bulk (up to 1 pound).</p> <p>** AND **</p> <p>At least 1 variety of any type and brand of dry peas or lentils in a 1-pound package or bulk (up to 1 pound).</p> <p>** AND **</p> <p>At least 8 pounds of any combination of dry beans and peas or lentils.</p> <p>Must be 1 pound prepackaged <u>or</u> bulk up to 1 pound.</p> <p>No organic, or immature varieties, (i.e., snap beans), fresh, frozen or bean soup mix.</p> |
| Peanut
Butter | <ul style="list-style-type: none">- At least 8 jars of any brand, plain (smooth, chunky or natural) peanut butter in 16 <u>or</u> 18 ounce jars. <p>No organic or spreads, tubes or added ingredients (i.e., jelly, marshmallow, chocolate or honey).</p> |
| Cereal | <ul style="list-style-type: none">- At least 4 brands of WIC authorized cold <u>or</u> hot cereal. Boxes or bags of cold cereal must be at least 12 ounces. Boxes of hot cereal must be at least 11.8 ounces. <p>** AND **</p> <p>A combined total of at least 24 boxes or bags of cereal of cold or hot in the appropriate sized boxes or bags as listed above.</p> <p>No organic, frosted (except M-O-M Mini Spooners), honey, raisins, fruit or nuts or variety packs.</p> |

Arizona WIC Program MINIMUM STOCK REQUIREMENTS

Refer to the Arizona WIC Program Food List.

- | | |
|----------------|--|
| Infant Cereal | <ul style="list-style-type: none">- At least 24 – 8 ounce boxes <u>or</u> 12 – 16 ounce boxes of any brand, single grain infant cereal or any combination of 8 and 16 ounce boxes that equals 192 ounces. <p style="margin-left: 40px;">No organic or high protein, mixed, cereal with fruit, sugar, yogurt or formula added, cans, jars or variety packs.</p> |
| Infant Juice | <ul style="list-style-type: none">- At least 120 – 4.0-ounce containers of any brand, single flavor, 100% infant fruit juice. <p style="margin-left: 40px;">No organic or juices with yogurt added, mixed flavors, or fruit/vegetable blends.</p> |
| Infant Formula | <ul style="list-style-type: none">- At least 36 – 12.9 ounce cans of powdered Similac Advance with Iron infant formula. <p style="margin-left: 40px;">**AND**</p> <p style="margin-left: 40px;">At least 18 – 12.9 ounce cans of powdered Similac Isomil Advance Soy with Iron infant formula.</p> <p style="margin-left: 40px;">No <u>low iron</u> infant formula.</p> <p style="margin-left: 40px;">No concentrate or ready to feed infant formula.</p> |
| Carrots | <ul style="list-style-type: none">- At least 4 – cans up to 16 ounces each <u>or</u> 4 one (1) pound packages of fresh <u>or</u> one (1) pound packages of frozen or any combination of canned, fresh or frozen that equals 64 ounces. <p style="margin-left: 40px;">No organic or carrots in glazes, syrup, sauces or baby carrots.</p> |
| Tuna | <ul style="list-style-type: none">- At least 8 – 6 ounce cans of any brand of water packed chunk light tuna. <p style="margin-left: 40px;">No organic or oil packed, solid white, albacore, flavored, pouches or lunch kits.</p> |

Complete this document and mail to either:

Arizona WIC Program
150 North 18th Avenue, Ste #310
Phoenix, AZ 85007

or

Inter-Tribal Council of Arizona
2214 N. Central Ave., Ste #100
Phoenix, AZ 85004

Date: _____
Store Name/Number: _____
Store Address: _____
WIC Vendor Number: _____

Instructions: List the highest regular, NOT sale, price for each WIC food item in stock. (A) – Arizona or (I) ITCA

MILK – Any Brand

Are there at least an equivalent of (A) 28-gallons of OR (I) 14-gallons of refrigerated milk?

☐ Yes ☐ No, **If NO**, # in stock = _____ in Gallons

Type	Gallon	½ Gallon	Quart
Whole	\$	\$	
Reduced Fat (2%)	\$	\$	
Low Fat (1%)	\$	\$	
Fat Free (Skim/Nonfat)	\$	\$	
Lactose Reduced		\$	\$
Evaporated Whole	12 oz. can		\$
Evaporated Skim	12 oz. can		\$
Long Shelf life (UHT)			\$
Non Fat Dry	oz.		\$

Refrigerator Temperature: _____ °F (Acceptable: ≤ 45°)

CHEESE - Plain, Domestic - up to 16 oz. prepackaged in blocks.

Are there at least (A) 3 varieties OR (I) 2 varieties?

☐ Yes ☐ No, **If NO**, # of varieties in stock = _____

Are there at least (A) 8 pounds OR (I) 4 pounds?

☐ Yes ☐ No, **If NO**, # of pounds in stock = _____

Type	1 pound
Cheddar (includes longhorn)	\$
Colby (includes longhorn)	\$
Colby Jack	\$
Monterey Jack	\$
Mozzarella (whole or part skim), includes string	\$

Refrigerator Temperature: _____ °F (Acceptable: ≤ 45°)

EGGS – Large, White Only

Are there at least (A) 16 dozen or (I) 4 dozen?

☐ Yes ☐ No, **If NO**, # of dozen in stock = _____

Size	1 dozen
Large	\$

Refrigerator Temperature: _____ °F (Acceptable: ≤ 45°)

JUICE - Vitamin C Fortified - 100% juice, no added sugar

Are there at least (A) 3 varieties OR (I) 2 varieties (1 orange and 1 other WIC approved)?

☐ Yes ☐ No, **If NO**, # of varieties in stock = _____

Are there at least (A) 48 containers OR (I) 14 containers?

☐ Yes ☐ No, **If NO**, # of cans in stock = _____

ITEM	46 oz.	11.5 /12 oz.
Old Orchard Any Flavor (green cap only)		\$
Seneca Apple Juice (red label)	\$	\$
Nestle' Juicy Juice Grape Juice	\$	
Nestle' Juicy Juice White Grape Juice	\$	
Donald Duck Grapefruit Juice	\$	\$
Donald Duck Orange Juice	\$	\$
Dole Pineapple Juice	\$	\$
Dole Pineapple Mango Juice	\$	
Campbell's Tomato Juice	\$	
Food Club Tomato Juice	\$	

Freezer Temperature: _____ °F (Acceptable: ≤ 45°)

STORE NAME & NUMBER: _____

VENDOR NUMBER: _____

(A) – Arizona or (I) - ITCA

CEREAL - Boxes or BagsAre there at least **(A)** 4 varieties OR **(I)** 4 varieties (3 cold **and** 1 hot)?☐ Yes ☐ No, **If NO**, # of varieties in stock? _____Are there at least **(A)** 24 boxes OR **(I)** 8 boxes (6 cold **and** 2 hot)?☐ Yes ☐ No, **If NO**, # of boxes in stock? _____

COLD CEREALS	Size	Price	Size	Price
Any Store Brand Crispy Rice	oz.	\$	oz.	\$
Any Store Brand Toasted Oats	oz.	\$	oz.	\$
General Mills Cheerios (Plain)	oz.	\$	oz.	\$
General Mills Corn Chex	oz.	\$	oz.	\$
General Mills Rice Chex	oz.	\$	oz.	\$
General Mills Kix (Plain)	oz.	\$	oz.	\$
General Mills Whole Grain Total	oz.	\$	oz.	\$
Kellogg's Corn Flakes	oz.	\$	oz.	\$
Kellogg's Special K	oz.	\$	oz.	\$
Malt-O-Meal Frosted Mini Spooners	oz.	\$	oz.	\$
Post Bran Flakes	oz.	\$	oz.	\$
Quaker Life	oz.	\$	oz.	\$
HOT CEREALS	Size	Price	Size	Price
Malt-O-Meal Original Hot Wheat Cereal	oz.	\$	oz.	\$
Nabisco Instant Cream of Wheat (Plain)	oz.	\$	oz.	\$
Quaker Instant Oatmeal (Regular flavor, single serving packets only)	oz.	\$	oz.	\$

LEGUMES - Any Brand and TypeAre there at least **(A)** 8 pounds OR **(I)** 2 pounds of beans, peas or lentils?☐ Yes ☐ No, **If NO**, # of lbs. in stock? _____Is there at least **(A)** 1 type of Peas/Lentils?☐ Yes ☐ No, **If NO**, # of lbs. in stock? _____

ITEM	1 Lb. Package	Bulk
Beans	\$	\$
Peas/Lentils	\$	\$

PEANUT BUTTER - Any Brand, PlainAre there at least **(A)** 8 jars OR **(I)** 2 jars of peanut butter?☐ Yes ☐ No, **If No**, # of jars in stock? _____

Size	Price
16 oz.	\$
18 oz.	\$

TUNA – Water Packed Chunk LightAre there at least **(A)** 8 cans OR **(I)** 4 cans of tuna?☐ Yes ☐ No, **If No**, # of cans in stock? _____

Size	Price
6 oz.	\$

CARROTS - Plain - Fresh, Canned or FrozenAre there at least **(A)** 4 lbs/cans OR **(I)** 2 lbs/cans of carrots?☐ Yes ☐ No, **If No**, # of lbs/cans in stock? _____

Item/Size	Price
Fresh 1 lb.	\$
Frozen 1 lb.	\$
Canned 14 oz.	\$
Canned 16 oz.	\$

STORE NAME & NUMBER: _____

VENDOR NUMBER: _____

(A) – Arizona or (I) - ITCA

INFANT FORMULA: Iron fortified, NO LOW IRON**MILK BASED FORMULA**

(Similac Advance with Iron Only)

Are there at least: **(A)** 36 cans powder?Are there at least: **(I)** 24 cans powder?☐ Yes ☐ No, **If No**, # of cans in stock? _____**SOY BASED FORMULA**

(Similac Isomil Advance Soy with Iron Only)

Are there at least: **(A)** 18 cans powder?Are there at least: **(I)** 9 cans powder?☐ Yes ☐ No, **If No**, # of cans in stock? _____

CONTRACT FORMULA	Powder (12.9 or 14.3 oz.)	Concentrate (13 oz.)	RTF (32 oz.)	RTF - 8 oz. (4 - pack)	RTF - 8 oz. (6 - pack)
Similac Advance with Iron	\$	\$	\$	\$	\$
Similac Isomil Advance Soy	\$	\$	\$	\$	\$
Similac Sensitive Advance Soy	\$	\$	\$	\$	\$
NON CONTRACT SPECIAL FORMULA	Powder (12.9 to 16 oz.)	Concentrate (13 oz.)	RTF (32 oz.)	RTF - 8 oz. (4 - pack)	RTF - 8 oz. (6 - pack)
Enfamil Nutramigen LIPIL	\$	\$	\$		
Alimentum	\$		\$	\$	\$
Pregestimil	\$				
PediaSure				\$	\$
NeoSure	\$				
Nestle' Good Start	\$	\$			

INFANT CEREAL - Single grain, plain, no fruitAre there at least **(I)** 2 varieties? (One MUST be rice)☐ Yes ☐ No ☐ N/A**If NO**, # of varieties in stock? _____Are there at least **(A)** 24 (8 oz.) boxes or 12 (16 oz.) boxes or a combination which equals 192 ounces OR **(I)** 12 (8 oz.) boxes or 6 (16 oz.) boxes?☐ Yes ☐ No**If NO**, # of boxes in stock? _____ 8 oz. _____ 16 oz.

Brand	8 oz.	16 oz.
Gerber	\$	\$
Beech-Nut	\$	\$
Del Monte	\$	\$

INFANT JUICE – single flavor, 100% fruit juice individual containers, 4 - pack or 6 - packAre there at least **(I)** 2 varieties?☐ Yes ☐ No ☐ N/A**If NO**, # of varieties in stock? _____Are there at least **(A)** 120 (4.0 oz.) containers OR **(I)** 60 (4.0 oz.) containers?☐ Yes ☐ No**If NO**, # of varieties in stock? _____

ITEM	4 oz.	4 - pack	6 - pack
Gerber	\$	\$	\$
Beech-Nut	\$	\$	\$
Del Monte	\$	\$	\$

Chapter Eighteen Vendor Management

Appendix B: Change of Ownership Form

See Following Pages

CHANGE OF OWNERSHIP

Submit this form not later than 30 calendar days prior to change.

Vendor Name/Number: _____ Vendor ID Number: _____

Address: _____

City: _____ State: _____ Zip Code + 4: _____

Phone Number: (____) _____ Fax Number: (____) _____

Effective Date: _____

NEW OWNER

Name: _____

Address: _____

City: _____ State: _____ Zip Code + 4: _____

Phone Number: () _____ Fax Number: () _____

Note: The new owner must contact the Arizona WIC Program to re-apply. The current Contract becomes void at change of ownership. Ownership is not transferable.

Chapter Eighteen Vendor Management

Appendix C: Store Change Notification

See Following Pages

STORE CHANGE NOTIFICATION

Submit this form not later than 30
calendar days prior to change.

Vendor Name/Number: _____ Vendor ID Number: _____

Address: _____

City: _____ State: _____ Zip Code + 4: _____

Phone Number: (____) _____ Fax Number: (____) _____

Effective Date: _____

Type of Change:

☐ Address Change: **New** Address: _____

City: _____ State: _____ Zip Code+4: _____

☐ Telephone or Fax Change: **New** Phone Number: (____) _____

New Fax Number: (____) _____

☐ Store Contact Change : **New** Contact Person: _____

Address: _____

City: _____ State: _____ Zip Code+4: _____

Telephone Number: (____) _____

Other Number: (____) _____

☐ Cell

☐ Pager

☐ Bank Account: **New** Account Number: _____

New Routing Number: _____

Effective Date: _____

Chapter Eighteen Vendor Management

Appendix D: Store Closure Notification

See Following Pages

STORE CLOSURE NOTIFICATION*

Submit this form not later than 30 calendar days prior to closing.

Vendor Name/Number: _____ Vendor ID Number: _____

Address: _____

City: _____ State: _____ Zip Code + 4: _____

Phone Number: (____) _____ Fax Number: (____) _____

Effective Date: _____

Date of Last Bank Deposit: _____

Note: The Vendor ID Stamps are the property of the WIC Program and must be returned within ten (10) calendar days after store closing.

* This form is submitted only when the store closes operations, not a change of ownership.

Chapter Eighteen Vendor Management

Appendix E: Vendor Application for Fiscal Years 2006-2008

See Following Pages

DATE RECEIVED STAMP

FOR OFFICE USE ONLY	
Vendor Number:	_____
Vendor Class:	_____
Vendor Group:	_____
Local Agency/Clinic:	_____
Expiration Date:	_____
Action Taken:	_____
Formula Only:	Yes/No

ARIZONA WIC PROGRAM VENDOR APPLICATION FOR FISCAL YEARS 2006 to 2008

PLEASE ANSWER ALL QUESTIONS AND SIGN.
INCOMPLETE APPLICATIONS WILL NOT BE PROCESSED

Submission of this application **does not** constitute authorization to participate in the Arizona WIC Program. This application is **NOT** a Contract. Participation in the Arizona WIC Program will not be authorized until **all** completed application materials have been received, evaluated and **approved**.

The WIC Program is an equal opportunity program and may not discriminate on the basis of race, color, disability, age, national origin, or gender.

Store Name: _____

Doing Business As: _____

Business Location: _____

City: _____ County: _____ State: _____ Zip + 4: _____

Telephone: (____) _____ FAX: (____) _____

Other: (____) _____ ☐ Cell ☐ Pager

Mailing Address: (if different): _____

City: _____ County: _____ State: _____ Zip + 4: _____

Other Mailing Address (if applicable): _____

City: _____ County: _____ State: _____ Zip + 4: _____

OWNER INFORMATION

Rev. 06/05

6. Does the store owner or any officer presently retain full or part ownership, equal to or greater than 30% of a currently authorized WIC Vendor other than the Applicant store?

☐ YES ☐ NO

If yes, please complete with store name(s) and WIC Vendor Number(s) below; if additional space is needed, attach a list to this application.

STORE NAME

VENDOR ID NUMBER

7. Does the store owner or any officer serve as an officer or management of a currently authorized WIC Vendor other than the Applicant store?

☐ YES ☐ NO

If yes, please complete with store name(s) and WIC Vendor Number(s) below; if additional space is needed, attach a list to this application.

STORE NAME

VENDOR ID NUMBER

BANK INFORMATION

1. Name of the store or outlet's bank: _____

Branch: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Telephone Number: (____) _____ Fax: (____) _____

Account Number: _____ ABA Routing #: _____

Federal ID #: _____ Effective Date: _____

2. Will both regular and replacement food instruments be deposited only in the above named account?

☐ YES ☐ NO

If no, explain: _____

NOTE: Store name on bank endorsement stamp must match store name on page 1.

INSURANCE INFORMATION

Name of Liability Insurance Company: _____

Liability Insurance Effective Date: _____

Liability Insurance Expiration Date: _____

Liability Insurance Coverage: _____

TRAINING INFORMATION

Specify the name of the individual(s) who will be responsible for WIC oversight and training of store personnel on WIC procedures and communicating WIC program changes to the cashiers, bookkeepers and other interested parties.

General Training Representative

Name: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Phone: () _____ Fax: () _____

Other: () _____ ☐ Cell ☐ Pager

OTHER PERSONNEL:

Please list the name and telephone number of the individual to contact regarding the following:

Cashier Training: _____ () _____
Name Telephone Number

Rejected Food Instruments: _____ () _____
Name Telephone Number

Operations: _____ () _____
Name Telephone Number

Refund Requests: _____ () _____
Name Telephone Number

Newsletter Distribution: _____ () _____
Name Telephone Number

New Store Openings: _____ () _____
Name Telephone Number

Vendor Stamps: _____ () _____
Name Telephone Number

Vendor Contract: _____ () _____
Name Telephone Number

Regional/District Manager: _____ () _____
Name Telephone Number

Regional/District Manager: _____ () _____
Name Telephone Number

Regional/District Manager: _____ () _____
Name Telephone Number

(Include additional sheets if necessary)

**PART II
STORE INFORMATION**

Type of Store(s):

If there are two or more stores, the Vendor Applicant may complete one Contract and application to cover all stores. In addition, you must complete a Multiple Store Notification for each outlet.

To be classified as a chain store, the chain must have 6 or more outlets. Please indicate the categories which best describes the applicant:

- ☐ Major chain - National, regional, +10 outlets, generally multi-state operations.
- ☐ Small chain - Local, regional, +6 outlets, usually within one confined area, sometimes an entire state.
- ☐ Independent - Local outlet, 1 or more but <6 stores under the same owner/operator.
- ☐ Pharmacy I - Independent, primarily health and beauty items plus prescriptions.
- ☐ Commissary
- ☐ Reservation
- ☐ Super Centers

- ☐ Large Urban Independent (more than \$750,000 total gross annual sales)
- ☐ Small Urban Independent (less than \$750,000 total gross annual sales)
- ☐ Large Rural Independent (more than \$750,000 total gross annual sales)
- ☐ Small Rural Independent (less than \$750,000 total gross annual sales)
- ☐ Other (explain) _____

This Applicant....

- ☐ Is primarily a convenience store featuring a limited number of brands and relatively low inventory of each item.
- ☐ Features a full, well-stocked line of grocery items with 3 or more brands to choose among (most food lines).
- ☐ Sells gasoline as a major product line.
- ☐ Features non-grocery items as its major retail products.

If the Applicant is not a pharmacy, does the store or outlet have an in-store pharmacy?

- ☐ YES ☐ NO

Square footage retail: _____

Does the store have a storage facility separate from the retail space (stockroom/warehouse)?

- ☐ YES ☐ NO

If yes, where is the storage facility located?

- ☐ On-site ☐ Off-site

If yes, storage square footage: _____

How often are the dairy cases restocked?

☐ Daily

☐ Twice a week

☐ Weekly

How often are the WIC grocery items restocked?

☐ Daily

☐ Twice a week

☐ Weekly

How do you decide how much WIC stock to order?

☐ Order a certain amount of each item

☐ Conduct an informal "walk-through" inventory on a regular basis

☐ Rely on an automated inventory control system

☐ Other _____

Name(s) and address(s) of major wholesaler(s) or supplier(s):

Name: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Phone: (____) _____ Fax: (____) _____

Other: (____) _____ ☐ Cell ☐ Pager

List **all** variety of WIC approved items (**not** company brand names, e.g., Kellogg's):

Food Items: _____

Name and address of infant formula wholesaler or supplier:

Name: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Phone: (____) _____ Fax: (____) _____

Other: (____) _____ ☐ Cell ☐ Pager

Note: Infant formula must be purchased from a supplier on the attached list.

OTHER WIC:

Has the store owner/manager ever participated in the WIC Program in Arizona or any other state?

☐ YES ☐ NO

If yes, Store Name: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Dates of participation: From: _____ To: _____

Does the store participate in the ITCA WIC Program?

☐ YES ☐ NO

If yes, Dates of participation: From: _____ To: _____

Does the store participate in the Navajo Nation WIC Program?

☐ YES ☐ NO

If yes, Dates of participation: From: _____ To: _____

Has the store, manager, owner or officer been sanctioned for prior WIC violations?

☐ YES ☐ NO

If yes, describe: _____

Has the store or its owner(s), officer(s) or manager(s) ever been suspended or disqualified from WIC in Arizona or any other state?

☐ YES ☐ NO

If yes, give the name of the owner(s), officer(s), manager(s), and store(s) location, and the reason(s) and dates(s) of suspension or disqualification.

During the last six years, have any of the current owners, officers, partners or managers had a criminal conviction or had a civil judgment entered against them for any of the following activities: fraud, anti-trust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and obstruction of justice.

☐ YES ☐ NO

If yes, please specify the name of the owner, officer, or manager and the activities involved.
(Please include dates and locations (i.e., City and State)

PART III

NOTE: Complete this section if application is for **one (1) store only**.

Note: *If more than one (1) store, for **each** store, complete the attached Multiple Store Notification or pages 13 - 18. Please make additional copies as needed.*

GENERAL INFORMATION

Store Name: _____

Address: _____

City: _____ County: _____ State: _____ Zip + 4: _____

Telephone: (____) _____ FAX: (____) _____

Other: (____) _____ ☐ Cell ☐ Pager

Management WIC Contact Information:

Name: _____

Title: _____

Start date at store: _____

Which WIC program(s) (if any) is the store currently authorized as a Vendor?
Check appropriate box(es):

☐ Arizona WIC Program
☐ Navajo Nation WIC Program

☐ ITCA WIC Program
☐ None

Arizona Liquor License Number: _____

Store=s individual annual gross receipts or sales?

Food \$ _____ + Non-Food \$ _____ = Gross \$ _____

Alcohol \$ _____ Tobacco \$ _____ Lottery \$ _____

☐ Actual

☐ Estimate

Fiscal year dates for the above figures: _____

Of the annual food sales (Food \$) stated above, list the following dollar amounts for:

Cash \$ _____ Credit \$ _____

Food Stamp \$ _____ WIC \$ _____

Do you think that more than 50% of your annual revenue from the sale of food items will come from WIC food instruments?

☐ Yes ☐ No

If you receive more or are likely to receive more than 50% of your annual food sales from the sales of supplemental foods obtained with WIC food instruments, do you provide or plan to provide incentive items to WIC program participants?

☐ Yes ☐ No

Name and telephone number of the store=s primary bookkeeper:

Name _____ () Telephone Number _____

Hours to contact bookkeeper _____ A.M. to _____ P.M.

Provide the following information for the store:

Number of full-time cashiers: _____

Number of part-time cashiers: _____

Number of checkout lanes: _____

Does the store's checkout registers use optical scanning devices which record product and price information on the customer receipts?

☐ YES ☐ NO

If yes, number of POS Terminals _____

number of Optical Terminals _____

Can system be programmed to detect WIC Authorized vs. Non-Authorized products?

☐ YES ☐ NO

Days and hours of store operation:

Other	24/7	<input type="checkbox"/> check if applicable
Or		
SUNDAY	From A.M.	To P.M.
MONDAY	From A.M.	To P.M.
TUESDAY	From A.M.	To P.M.
WEDNESDAY	From A.M.	To P.M.
THURSDAY	From A.M.	To P.M.
FRIDAY	From A.M.	To P.M.
SATURDAY	From A.M.	To P.M.

FOOD STAMP INFORMATION

Is this store currently authorized to accept Food Stamps in Arizona or any other state?

☐ YES ☐ NO

If yes, list the Food Stamp Authorization Number: _____

What is the store's average Food Stamp dollar redemption volume per month?

Food Stamp Sales/month

Has the store, its owners, officers or managers ever been suspended or disqualified from the Food Stamp Program in Arizona or any other state?

☐ YES ☐ NO

If yes, give the name of the owners, managers, any officers, store(s), location(s), and the reason(s) and date of suspension or disqualification:

SANITATION

Has the store ever been cited by the State or County health inspector for a violation?

☐ YES ☐ NO

Was your license/permit revoked?

☐ YES ☐ NO

If yes, when: From _____ To _____
Month/Day/Year Month/Day/Year

If yes, describe the violation(s). (Provide details)

Attach a copy of the store's current health certificate (operating permit).

AMERICANS WITH DISABILITIES ACT

Does the store comply with the applicable provision of the Americans with Disabilities Act of 1990?

☐ YES ☐ NO

For further information about the Americans with Disabilities Act, please contact any of the following organizations:

The Arizona Office for Americans with Disabilities at 1-800-358-3617
The Disability Rights education and Defense Fund at 1-800-514-0301 or (510) 644-2555
The Pacific Disability and Business Technical Assistance Center at 1-800-949-4232
The Americans with Disabilities Act Information Line at the US Department of Justice

FOR OFFICE ONLY

Arizona WIC Number: _____

If new, Store(s) Opening Date: _____

MULTIPLE STORE NOTIFICATION

NOTE: Submit one form for each outlet (if more than one outlet).
After contract is executed, submit one form not later than 30 calendar
days prior to another store opening.

Please also include the Enrollment Price/Stock Report.

1. Store Name: _____

Address: _____

City: _____ State: _____ Zip Code + 4: _____

Phone Number: () _____ Fax Number: () _____

Other: () _____ ☐ Cell ☐ Pager

2. Management WIC Contact Information:

Name: _____

Title: _____

Start date at store: _____

3. Store hours (if not 24 hours)

Days of operation: _____

4. Which WIC program(s) (if any) is the store currently authorized as a Vendor?
Check appropriate box(es).

☐ Arizona WIC Program
☐ Navajo Nation WIC Program

☐ ITCA WIC Program
☐ None

Please provide the following information for the outlet:

5. Bookkeeper:

Name () Telephone Number

Bookkeeper Hours: _____ A.M. to _____ P.M.

6. Training Representative:

Name () Telephone Number

7. District/Regional Manager:

Name () Telephone Number

8. During the last six years, have any of the current owners, officers, partners or managers had a criminal conviction or had a civil judgment entered against them for any of the following activities: fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, and obstruction of justice.

☐ YES ☐ NO

If yes, please specify the name of the owner, officer, or manager and the activities involved.
(Please include dates and locations (i.e., City and State))

SANITATION

9. Has the store ever been cited by the State or County health inspector for a violation?

☐ Yes ☐ No

Was your license/permit revoked?

☐ Yes ☐ No

If yes, when: From _____ To _____
Month/Day/Year Month/Day/Year

If yes, describe the violation(s)? (Provide details)

Attach a current copy of the store's county health certificate (operating permit).

10. Does the outlet comply with the applicable provision of the Americans with Disabilities Act of 1990?

☐ Yes ☐ No

For further information about the Americans with Disabilities Act, please contact any of the following organizations:

The Arizona Office for Americans with Disabilities at 1-800-358-3617
The Disability Rights Education and Defense Fund at 1-800-514-0301 or (510) 644-2555
The Pacific Disability and Business Technical Assistance Center at 1-800-949-4232
The Americans with Disabilities Act Information Line at the US Department of Justice

11. Provide the following information for the store:

Square footage retail: _____

Square footage storage: _____

Number of full-time cashiers: _____

Number of part-time cashiers: _____

Number of check out lanes: _____

12. How often are the dairy cases restocked?

☐ Daily ☐ Twice a week ☐ Weekly

13. How often are the WIC grocery items restocked?

☐ Daily ☐ Twice a week ☐ Weekly

14. How do you decide how much WIC stock to order?

☐ Order a certain amount of each item
☐ Conduct an informal "walk-through" inventory on a regular basis
☐ Rely on an automated inventory control system
☐ Other _____

15. Does the store's checkout registers use optical scanning devices which record product and price information on the customer receipts?

☐ Yes ☐ No

If yes number of: POS Terminals _____ Optical Terminals _____

16. Can system be programmed to detect WIC Authorized vs. Non-Authorized products?

☐ Yes ☐ No If yes, number of WIC Terminals: _____

17. Name(s) and address(s) of major wholesaler(s) or supplier(s):

Name: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Phone: (_____) _____ Fax: (_____) _____

Other: (_____) _____ ☐ Cell ☐ Pager

List **all** variety of WIC approved items (**not** company brand names, e.g., Kellogg's):

Food Items: _____

18. Name and address of infant formula wholesaler or supplier:

Name: _____

Address: _____

City: _____ State: _____ Zip+4: _____

Phone: (_____) _____ Fax: (_____) _____

Other: (_____) _____ ☐ Cell ☐ Pager

Note: Infant formula must be purchased from a supplier on the attached list.

19. Does the outlet have an in-store pharmacy?

☐ Yes ☐ No

20. Store's anticipated individual annual gross receipt or sales? _____

Food \$ _____ + Non-Food \$ _____ = Gross \$ _____

Alcohol \$ _____ Tobacco \$ _____ Lottery \$ _____

☐ Actual ☐ Estimate

Fiscal year dates for above figures: _____

21. Of the annual food sales (Food \$) stated above, list the following dollar amounts for:

Cash \$ _____ Credit \$ _____

Food Stamp \$ _____ WIC \$ _____

22. Do you think that more than 50% of your annual revenue from the sale of food items will come from WIC food instruments?

☐ Yes ☐ No

23. If you receive more or are likely to receive more than 50% of your annual food sales from the sales of supplemental foods obtained with WIC food instruments, do you provide or plan to provide incentive items to WIC program participants?

☐ Yes ☐ No

24. Is this store currently authorized to accept Food Stamps in Arizona or any other State?

☐ Yes ☐ No

If yes, list the Food Stamp authorization Number: _____

25. Store's anticipated Food Stamp dollar redemption volume per month? _____

26. Has the store, its owners, or managers ever been suspended or disqualified from the Food Stamp Program in Arizona or any other state?

☐ Yes ☐ No

If yes, give the name of the owners, managers, any officers, store(s), location(s), and the reason(s) and date of suspension or disqualification:

27. Arizona Liquor License Number: _____

BANK INFORMATION

28. Name of the store or outlet's bank: _____

Branch: _____

City: _____ State: _____ Zip + 4: _____

Telephone: () _____ Fax Number: () _____

Account Number: _____ ABA Routing #: _____

Federal ID #: _____ Effective Date: _____

Will both regular and replacement food instruments be deposited only in the above named account?

☐ Yes ☐ No

If no, explain: _____

NOTE: Store name on bank endorsement stamp must match store name on line 1 of this section.

**PART IV
STATEMENT OF APPLICATION**

GENERAL INFORMATION - Please read carefully and sign below:

The undersigned is authorized to act on behalf of the applicant identified on Page 1, who is applying for authorization to participate in the Arizona WIC Program. By submitting this application, the undersigned has **declared that the business is open, fully stocked, and operational and authorized to accept Food Stamps.** The undersigned has reviewed, verified and understands the information contained in the Vendor enrollment packet.

This application is **only a request** for a WIC Vendor Contract, and **does not** constitute a Contract nor does it guarantee authorization to participate in the Arizona WIC Program. The Arizona Department of Health Services or its designee may verify the information contained in the application during an on-site visit.

1. I certify that the enclosed Enrollment WIC Applicant Price/Stock Report reflects the actual highest shelf price and the actual stock either on the shelf or in-store storage on. _____
Month/Date/Year
2. I certify that all information submitted on this application is accurate and complete.
3. I understand that if the application is approved and a Contract is executed, I will be bound by all rules, and requirements of the Arizona WIC Program, in addition to the terms and conditions of the WIC Vendor Contract.
4. I understand that if any information contained in this application is found to be false, the application will be denied; or if authorized, can result in being suspended or disqualified from participating in the Arizona WIC Program.
5. The undersigned declared that he/she is the store's sole owner or has the delegated legal authority to sign this application on behalf of the owner.

Signature: _____

Date: _____

Name: (Print) _____

Title: (Print) _____

Chapter Eighteen Vendor Management

Appendix F: Vendor Contract 2006

See Following Pages

Vendor I.D.: _____

ARIZONA DEPARTMENT OF HEALTH SERVICES
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM
FOR WOMEN, INFANTS AND CHILDREN (WIC)

VENDOR CONTRACT

VENDOR NAME (Legal Name of Store): _____

NAME OF OWNER: _____

ADDRESS OF STORE: _____
Street

City County State Zip Code + 4

FEDERAL IDENTIFICATION NUMBER: _____

This Contract by and between the Arizona Department of Health Services (hereafter referred to as the Department) and the above named Vendor is effective _____ and ends September 30, 2008, subject to any amendments made by the Department or until terminated by either party according to the terms in the Contract.

The purpose of this Contract is to provide authorized Vendors at which WIC participants, parents or caretakers of infant and child participants, or proxies (hereafter collectively referred to as participants) can get authorized WIC foods, and to provide the terms and conditions for Vendors and the Department to follow during transactions arising out of this Contract.

This Contract is contingent upon the availability of funds from the Federal government to operate the WIC program and the continued operation of the WIC program by the Department. This Contract shall not constitute a license or a property interest.

This Contract is in effect for the period indicated on page one. Neither the Vendor nor the Department is obligated to renew this Contract or enter into a new Contract at the expiration or the termination of this Contract.

GENERAL TERMS

1. The federal statutes and regulations that govern the WIC Program, the Arizona WIC Program Vendor Manual and any amendments or additions thereto, and the WIC Policy and Procedure Manual are incorporated in this Contract by reference.
2. If any provision of this Contract conflicts with federal statutes or regulations that govern the WIC program, the federal statutes or regulations shall govern. If any provision of this Contract conflicts with the Vendor Manual, the Vendor Manual shall prevail.
3. Any provision of this Contract, or any document attached or incorporated by reference, that is waived or held to be invalid shall be severable from the remainder of this Contract and shall not affect any other provisions of this Contract. Any provision to this Contract that is found to be prohibited by law shall be severable and shall be in effect only to the extent such provision complies with the law.
4. Arizona law shall govern all aspects of this Contract not covered by federal statutes or regulations or the Vendor Manual.
5. This Contract, Appendices and all incorporated documents represent the entire agreement between the Vendor and the Department. No condition or requirement contained in, or made a part of, this Contract shall be modified without an approved, written amendment to this Contract. Amendments shall be effective only if in writing and signed by all parties to the Contract. The terms and provisions of this Contract shall remain in full force and effect except as amended and to the extent so amended.
6. The Vendor shall be considered an independent Contractor, not an agent of the Department, the State of Arizona, or the United States government.

VENDOR RESPONSIBILITIES

THE VENDOR SHALL COMPLY WITH:

- a. This Contract and the Arizona WIC Program Vendor Manual, and any subsequent amendments or additions thereto.
- b. Federal and state statutes (including 42 U.S.C. § 1786) and regulations (including United States Department of Agriculture (hereafter USDA) regulations 7 C.F.R. § 246.1 *et. seq.*) that govern the WIC program, including any changes made during the agreement period.
- c. The Arizona WIC Program Policy and Procedure Manual and any amendments or changes thereto.
- d. The Vendor selection criteria throughout the Contract period, including any changes to the criteria. Using the current Vendor selection criteria, the Department may reassess the Vendor at any time during the Contract period. The Department will terminate and/or disqualify the Vendor if the Vendor fails to meet the current selection criteria. The Vendor may also be subject to other sanctions, including administrative fines, termination, disqualification, and civil money penalties, or any combination of sanctions, according to the Violations and Sanctions section of the Vendor Manual.

THE VENDOR AGREES TO:

1. Have at least one representative participate in training annually. Vendor training may be provided by the Department in a variety of formats, including newsletters, videos, and interactive training. The Department will have sole discretion to designate the date, time, and location of all interactive training, except that the Department will provide the Vendor with a least one alternative date on which to attend such training.
2. Train and update cashiers and other employees who handle WIC purchases on WIC program requirements and provide special or additional training to employees as required by the Department to ensure that all cashiers and other employees who handle WIC purchases understand WIC program requirements.
3. Be held responsible and accountable for the actions or inactions of its owners, officers, managers, agents, and employees who commit Vendor Violations.
4. Maintain the required types and amounts of WIC authorized foods at all times. The required types and amounts of WIC authorized foods are found in the most current Arizona WIC Programs Food List and Section 2 of the Vendor Manual (Minimum Stock Requirements).
5. Maintain the minimum required stock from the date it submits its application to be a Vendor and, if authorized, throughout the entire contract period.
6. Submit semi-annual (March 15th and September 15th) WIC Vendor Price/Stock Report forms as required by the Department.
7. Maintain its store in a clean and sanitary manner by:
 - a. Keeping freezer and refrigeration equipment that stores WIC authorized food at the required safe temperatures.
 - b. Maintaining and displaying a current Health Code Operating Permit.

The Vendor must also notify the Department immediately and in writing should the current Health Code Operating Permit and any required license or certificate be denied, suspended or revoked. If the department becomes aware that the Vendor has failed to maintain sanitation or food safety standards, it may notify the proper regulatory office.

8. Display the “We Accept Arizona WIC Food Instruments” decal so that WIC participants will see that the Vendor accepts WIC food instruments.
9. Accept WIC food instruments only from WIC authorized participants.
10. Offer program participants the same courtesies offered to other customers.
11. Accept WIC food instruments only within the specified time period. (See Section 5 of the Vendor Manual (Cashing Food Instruments)).
12. Ensure that the cashier enters the correct date in the “date of use” box when the WIC food instrument is used.
13. Charge the WIC Program the current shelf price for each WIC supplemental food item. The current shelf price is the price marked on the item, shelf, container or nearby sign and includes the sale price of an item.
14. Charge the WIC Program for only those supplemental food items actually received by the WIC participant.
15. Ensure that the cashier enters the correct total price on the WIC food instrument before the participant signs it.
16. Ensure that the cashier witnesses the participant’s signature on the food instrument and ensure that the signature on the food instrument matches one of the signatures on the ID folder or Proxy Certification form. (See Section 5 of the Vendor Manual (Cashing Food Instruments)).
17. Provide authorized supplemental food items in the amounts listed on the food instrument in exchange for WIC food instruments.
18. Not require identification from WIC participants other than the WIC ID folder or the WIC Proxy Certification form.

19. Not provide unauthorized food items, non-food items, cash or credit (including rainchecks) in exchange for WIC food instruments.
20. Not provide refunds or permit exchanges for authorized supplemental WIC food items obtained with WIC food instruments, except for exchanges of an identical authorized supplemental food item when the original authorized supplemental food item is defective, spoiled, or has exceeded its "sell by", "best if used by" or other date limiting the sale or use of the food item. (An identical authorized supplemental food item means the exact brand, type and size of the original authorized supplemental food item obtained and returned by the participant).
21. Not collect sales tax or other taxes on authorized WIC foods purchased with WIC food instruments.
22. Not allow the purchase of alcohol, alcoholic beverages, tobacco or tobacco products in exchange for WIC food instruments.
23. Not provide WIC food items, including infant formula, that are expired, spoiled or beyond their "sell by", "best if used by" or other date limiting the sale or use of the food item in exchange for WIC food instruments.
24. Not approach, solicit or leave advertisements or other promotional items for WIC applicants or participants at the WIC State Agency or Local Agency WIC Clinics.
25. Not use the acronym "WIC" or the WIC logo with out written approval from the Department and the USDA. The WIC acronym and WIC logo are registered trademarks of the USDA.
26. Not allow the return of food purchased with WIC food instruments in exchange for cash, credit, non-food items or unauthorized food items.
27. Not allow the sale of firearms, ammunition, explosives or controlled substances as defined in 21 U.S.C. § 802 in exchange for WIC food instruments.
28. Maintain competitive prices for WIC authorized food items.
29. Notify the Department in writing at least 30 days before the Vendor stops doing business, the ownership changes, or the store location changes.
30. Return all Vendor identification stamps to the Department within ten calendar days from the date the Vendor stops doing business, changes ownership, or no longer participates in the Arizona WIC Program.
31. Ensure that no conflict of interest, as defined by state statutes, regulations or policies, exists between the Vendor and the Department or its local agencies
32. Permit announced and unannounced visits by Department, state, local and federal representatives to review compliance with WIC program requirements.
33. Maintain records as required under this Contract for a minimum of five years.

RESPONSIBILITIES OF THE DEPARTMENT

THE DEPARTMENT WILL:

1. Provide the Vendor with a copy of the Arizona WIC Program Vendor Manual.
2. Train WIC participants regarding program procedures for the use of WIC food instruments. Training may be provided by local agencies.
3. Provide the Vendor with all required training, including one interactive training, during the Contract period.
4. Notify Vendors of changes to federal or state statutes, regulations, policies or procedures governing the WIC Program before the changes are implemented. This includes notifying the Vendor of any changes in the WIC approved foods and changes which affect WIC food instrument redemption or program requirements.

5. Monitor the Vendor for compliance with federal and state statutes, regulations, rules, policies and procedures. Monitoring may include, but is not limited to, routine monitoring visits, undercover compliance buys, investigations, and inventory audits.
6. Enforce compliance with this Contract, federal and state statutes, rules, regulations, policies and procedures.
7. Make payments to the Vendor in accordance with the WIC food instrument redemption procedures set forth in this Contract and in the Vendor Manual, including subsequent revisions.

PAYMENT TO VENDORS AND CLAIMS

The Department may make price adjustments to the purchase price on food instruments submitted by the Vendor for redemption to ensure compliance with the price limitations applicable to the Vendor (see Section 6 of the Vendor Manual (Payments)).

1. The Vendor shall:
 - a. Mark all WIC food instruments "For Deposit Only";
 - b. Stamp all WIC food instruments with its WIC Vendor ID prior to deposit;
 - c. Endorse all food instruments to show:
 1. The Vendor's Name;
 2. Name of the Vendor's bank;
 3. The Vendor's bank account number;
 4. That the payee and Vendor's endorsement matches (on replacement food instruments); and
 - d. Deposit in the Vendor's named bank for payment not later than:
 1. 60 calendar days from the first date to use for regular food instruments; or
 2. 30 calendar days from the issue date for replacement food instruments (food instruments issued after a second level review has determined payment should be made for a rejected food instrument).
2. Food instruments rejected due to a missing Vendor ID stamp shall be stamped and redeposited by the Vendor, one time only, not later than 60 calendar days from the first date to use (see Section 6 of the Vendor Manual (Payments)).
3. The Vendor shall not submit WIC food instruments for payment that:
 - a. Are known to have been reported as either lost or stolen;
 - b. Were redeemed by another authorized Vendor or a store that is not currently authorized as a WIC Vendor;
 - c. Include charges for foods not included on the Arizona WIC Programs Food List or for non-food items;
 - d. Include charges for WIC foods in excess of the quantities specified on the food instrument;
 - e. Are false claims for reimbursement of WIC food instruments; or
 - f. Include charges for WIC foods for more than the current shelf price.
4. The Vendor agrees that the Department may authorize the Department's Banking Contractor to reject food instruments for payment to the Vendor for, but not limited to, the following reasons (see Section 6 of the Vendor Manual (Payments)):
 - a. The food instrument does not have a legible authorized Arizona WIC Vendor ID stamp number;
 - b. The food instrument was deposited in the bank more than 60 calendar days from the first date to use for the food instrument or more than 30 calendar days from the issue date for the replacement food instrument (food instruments issued after a second level review has determined payment should be made for a rejected food instrument);
 - c. The food instrument was accepted or deposited in the bank before the first date to use;
 - d. The food instrument was accepted or deposited in the bank after the last date to use;
 - e. The food instrument does not have the signature of the participant;
 - f. The food instrument has been altered;
 - g. The redeemed dollar value exceeds the maximum dollar value;
 - h. The redeemed dollar value is in excess of the amount set by the Department as the maximum price permitted for food items listed;
 - i. The date of use on the food instrument is before the first date to use printed on the food instrument or the date of use is after the last date to use printed on the food instrument; and
 - j. The date of use on the food instrument is missing.

5. The Department may delay payment or establish a claim in the amount of the full purchase price of each food instrument that contained Vendor overcharges or other errors. The Department will provide the Vendor with an opportunity to justify or correct a Vendor overcharge or other error. The Vendor must pay any claim assessed by the Department. In collecting a claim, the Department may offset the claim against current and subsequent amounts to be paid to the Vendor.
6. In addition to denying payment or assessing a claim, the Vendor may be sanctioned for Vendor violations found in the Contract and in the Violations and Sanctions section of the Vendor Manual (Section 9). Sanctions may include administrative fines, termination, disqualification, and civil money penalties in lieu of disqualification, or any combination of sanctions.
7. The Vendor may request reimbursement from the Department not later than 90 calendar days from the first date to use on the food instrument for any food instrument rejected for payment, other than a food instrument rejected for a missing Vendor ID stamp. Reimbursement of a rejected food instrument shall be in accordance with the Vendor Manual (see Section 6 of the Vendor Manual (Payments)).
8. The Department shall not be obligated to reimburse the Vendor for a food instrument reported as lost or stolen.
9. The Vendor may not charge participants for authorized supplemental foods obtained with food instruments. In addition, the Vendor may not seek restitution from these individuals for food instruments not paid or partially paid by the Department.
10. The Department shall not be obligated to reimburse the Vendor for any bank fees.

MULTIPLE LOCATIONS

Vendors shall provide with their application a current list of all individual store locations that are to be authorized under this Contract. Multiple store locations may be added or deleted in accordance with WIC program policies and procedures without affecting the status of any other location.

The Vendor shall notify the Department in writing not less than 30 calendar days before adding or deleting a location. (See Section 10 of the Vendor Manual (Rights and Responsibilities)).

BANKING

The Vendor shall provide the Department with the name, address, branch, and account number for the bank that the Vendor has authorized to accept its food instruments for deposit. The Vendor shall notify the Department in writing of any change in its bank account at least 30 calendar days before the change takes place.

MONITORING AND AUDIT

The Department shall monitor the Vendor. The Vendor shall comply with the inspection and audit requirements described in A.R.S. § 35-214.

Monitoring may include, but is not limited to the following:

- a. Unannounced monitoring visits by Department personnel or persons authorized by the Department; representatives from the United States Department of Agriculture or other federal agencies; federal, state or local law enforcement agencies; or authorized personnel from local WIC agencies.
- b. Compliance buys, which are undercover investigations to determine compliance with WIC requirements.
- c. Inventory audits.

During monitoring visits, the Vendor shall provide access, during normal business hours, to all WIC food instruments, shelf prices, shelf price records, purchase records of WIC authorized foods, and food storage areas.

VIOLATIONS – CARRYOVER

Violations of the WIC Program that would result in federally mandated sanctions, which occurred during the previous Contract period, may be carried over and used as a basis for termination and/or disqualification or other sanctions (including monetary claims) under any subsequent Contracts in accordance with the most recent Violations and Sanctions section of the Vendor Manual.

VENDOR RECORD REQUIREMENTS

1. In accordance with A.R.S. § 35-214, the Vendor shall retain records including all books, accounts, reports, files, purchase invoices, inventory records, records used for federal tax reporting purposes and other records relating to the performance of this Contract for a period of five years from the date of, whichever is later;
 - a. Expiration of this Contract;
 - b. Termination of this Contract;
 - c. Final payment under this Contract.
2. The Vendor shall retain records related to disputes, litigation, settlements of claims, or exceptions of the Director arising out of the performance of this Contract until such time as these matters have been finally resolved or for five years, whichever is later.
3. Upon request, the Vendor shall make available to representatives of the Department; the USDA; any law enforcement agency; Department of the Attorney General; or the Comptroller General of the United States, at any reasonable time and place for inspection and audit, all food instruments in the Vendor's possession and all program related records.
4. The Vendor shall, at its own expense, provide a legible copy of all such records to the Arizona WIC Program within 30 calendar days of the written request of the Department or the USDA.
5. The Vendor shall retain and produce for inspection and audit the original of all such records when needed to verify the authenticity of a copy.

PURCHASE AND INVENTORY RECORD REQUIREMENT

Vendor purchase records shall reflect the name and address of the supplier, distributor, wholesaler or manufacturer, the date of the purchase, list of the items purchased, size, stock number, quantity and the unit price. Vendor purchase records shall be maintained for five years. (Handwritten invoices are not acceptable).

Vendors shall only purchase infant formula from sources on the Arizona WIC Program's list of infant formula manufacturers, wholesalers or distributors.

Sales receipts for WIC authorized foods (other than infant formula) purchased at retail establishments (for resale by the Vendor) must include the name and address of the retail establishment, the date of the purchase, a description of the exact item(s) purchased (e.g. 12 oz box of Total Cereal), the unit price of the items, and the total amount purchased.

- a. Receipts that do not completely describe the actual item purchased shall have codes that can be verified by contacting the retailer at which the item(s) were purchased.
- b. All receipts from purchases at retail establishments must be machine dated by the establishment. Hand or manually dated retail store receipts are not acceptable.
- c. Affidavits, Statements of Fact, other written statements, or oral statements shall not be accepted as evidence of inventory. Only purchase records or retail receipts as described above in this section shall be accepted and constitute evidence of inventory.

RELEASE OF VENDOR RECORDS

1. The Department has the right to coordinate Vendor monitoring with the Inter Tribal Council of Arizona, Inc. (ITCA) and the Navajo Nation WIC Programs. This shall include, but is not limited to, joint investigations, compliance investigations, inventory audits and access to Vendor records.
2. The Department may share records and information concerning the Vendor's participation in the WIC Program with other entities responsible for oversight, administration or enforcement of the WIC Program or the Food Stamp Program. These persons may include personnel from its local agencies and other WIC State and local agencies and persons investigating or prosecuting WIC or Food Stamp Program violations under federal, state or local law or with persons directly connected with the administration or enforcement of any federal or state law.

NOTIFICATION OF NAME, MAILING ADDRESS OR TELEPHONE NUMBER CHANGE

The Vendor shall notify the Department in writing at least 30 calendar days before any change in the store name, the store's mailing address, or the store's telephone number. A change in Vendor location is not a change in mailing address.

CHANGE OF OWNERSHIP

This Contract is not transferable between owners and establishments. The Contract will be terminated when the Vendor changes ownership. The Vendor shall notify the Department at least 30 calendar days before a change in ownership, including bankruptcy of an authorized Vendor (see Section 13 of the Vendor Manual (Appendix 3 – Selection and Authorization)).

CHANGE IN LOCATION

Vendors who change the location of their business will not be authorized at their new location unless they have applied to the Department for authorization; have met all selection and authorization criteria; and have received a Vendor Contract for the new location.

Vendors shall notify the Department in writing at least 30 calendar days before changing locations. This Contract is not transferable between locations. The Contract will be terminated when the Vendor changes location.

CLOSING OF THE BUSINESS

The Vendor Contract will be terminated when the Vendor ceases operation as a food store for any reason. The Vendor shall notify the Department in writing at least 30 calendar days before closing their business.

TERMINATION AND EXPIRATION OF THE CONTRACT

The Department will immediately terminate the Contract and disqualify the Vendor for one year if it determines that the Vendor has provided false or misleading information in connection with its application for authorization.

The Vendor or the Department may terminate this Contract for cause after providing at least 30 calendar days advance written notice. The Department may terminate this Contract and/or disqualify the Vendor for, but not limited to, the reasons stated below:

- a. Failure of the Vendor to comply with the conditions and responsibilities set forth in this Contract; the most recent federal regulations at 7 C.F.R. § 246.1 *et. seq.*; the WIC Vendor Manual, including Section 9 (Violations and Sanctions); the Department's WIC Policies and Procedures; and subsequent amendments and revisions to these documents.
- b. Low volume of WIC sales (see Section 13 of the Vendor Manual (Appendix 3 Selection and Authorization)).
- c. Termination of the WIC Program or the non-availability of funds.
- d. Non-competitive prices.
- e. Failure to pay claims.
- f. Failure to maintain business integrity
- g. Fraud.

The Department may terminate a Vendor without cause with at least 30 calendar days advance written notice.

The Contract expires and ceases to be effective when the end date specified in the Contract has been reached. Expiration of the Contract is not subject to appeal or to a fair hearing.

After the expiration or termination of the Contract, the Vendor must reapply for authorization. If a Vendor is disqualified, the Department will terminate the Vendor's Contract and the Vendor will have to reapply for authorization in order to be authorized after the disqualification period is over. In all cases, the Vendor's new application will be subject to the Department's Vendor selection criteria and any criteria the Department uses to limit the number of Vendors it will authorize.

Disqualification from the WIC Program may result in disqualification as a retailer in the Food Stamp Program. Such disqualification may not be subject to administrative or judicial review under the Food Stamp Program.

The Department will not accept or process an application from a Vendor during any period of disqualification.

APPEAL AND FAIR HEARINGS

The Vendor has the right to appeal (request a fair hearing) certain adverse actions of the Department which result in denial of an application for a Vendor Contract, administrative fines, civil money penalties, termination of a Vendor Contract or disqualification from the WIC program. The Vendor appeal rights and fair hearing procedures are found in Section 10 (Rights and Responsibilities) of the Vendor Manual. A copy of the Vendor's appeal rights and fair hearing procedures will be sent with any adverse action notice.

CRIMINAL PENALTIES

A Vendor who commits fraud or abuse in the WIC Program is liable to prosecution under applicable federal, state or local laws. Under federal law, those who have willfully misapplied, stolen or fraudulently obtained program funds will be subject to a fine of not more than \$25,000 or imprisonment for not more than five years or both, if the value of the funds is \$100 or more. If the value is less than \$100, the penalties are a fine of not more than \$1,000 or imprisonment for not more than one year or both.

BUSINESS INTEGRITY

The Vendor shall comply with the business integrity requirements as stated in federal statutes and regulations that govern the WIC Program and in the Vendor Manual (see Section 13 (Authorization and Selection)).

CONFLICT OF INTEREST

1. The Vendor ensures that no conflict of interest shall exist with either the Department or local agencies. A conflict of interest relates to the standard of ethical conduct that no officer or employee shall have any interest, financial or otherwise, direct or indirect, or engage in any business transaction, or professional activity or incur any obligation of any nature which is in conflict with the discharge of a person's duties.
2. The Department will immediately terminate this Contract as authorized by A.R.S. § 38-511 upon notification of the parties should such conflict of interest arise after the acceptance of this Contract by the parties. A.R.S. § 38-511 provides:
 - a. Such cancellation shall occur without any further obligation;
 - b. Conflict of interest shall include, but is not limited to, situations where any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on the behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to this Contract in any capacity or a consultant to any other party of the Contract with respect to the subject matter of this Contract;
 - c. Cancellation under this section by the State or its political subdivisions shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to this Contract unless the notice specifies a later time.

ATTORNEY FEES AND COSTS

If a Vendor initiates an action, appeal, or lawsuit against the Department relating to the terms of this Contract in any administrative or judicial tribunal of competent jurisdiction, and the Department prevails, the Vendor shall pay the Department's reasonable attorneys' fees and costs. The administrative or judicial tribunal of competent jurisdiction where the action, appeal, or suit was adjudicated can determine the Department's attorneys' fees (i.e., \$110.00 up to \$200.00 an hour) and costs. The Department is considered to prevail when:

- a. The Vendor's position was not substantially justified; and
- b. The Department prevailed as to the most significant issue or set of issues.

The Department shall submit its petition for reasonable attorneys' fees (i.e., \$110.00 up to \$200.00 an hour) and costs to the administrative or judicial tribunal of competent jurisdiction within 20 days after the clerk's mailing of a decision on the merits of the cause, unless extended by the administrative or judicial tribunal. The Department's petition shall provide the following information to the administrative or judicial tribunal:

- a. Evidence of the Department's eligibility for attorneys' fees and costs;
- b. The amount sought; and
- c. An itemized statement from the attorney(s) and expert(s) stating:
 - 1) The actual time spent representing the Department; and
 - 2) The rate at which the fees were computed.

FORFEITURE

Notwithstanding any provision of state law and in addition to any other penalty authorized by law, a court may order a person that is convicted of a violation of a provision of law, with regard to the trafficking of food instruments, funds, assets, or property that have a value of \$100.00 or more and that are subject of a grant or other form of assistance under this section, to forfeit to the United States all property as follows:

- a. All property, real and personal, used in a transaction or attempted transaction, to commit or to facilitate the commission of, a violation described above;
- b. All property, real and personal, constituting, derived from or traceable to any proceeds a person obtained directly or indirectly as a result of a violation described above.

All property subject to forfeiture under this clause, any seizure or disposition of the property, and any proceedings relating to the forfeiture, seizure, or disposition shall be subject to section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. § 853) other than subsection (d) of that section.

DISPUTE RESOLUTION

This Contract shall be subject to arbitration to the extent required by A.R.S. § 12-1518. The parties to this Contract agree to make use of arbitration if the matter is subject to mandatory arbitration pursuant to rules adopted under A.R.S. § 12-133.

Such arbitration shall follow the rules and procedures described in A.R.S. § 12-133. The Administrative Hearing process is available as authorized in the Vendor Manual.

INDEMNITY

1. The Vendor shall, at all times, indemnify, defend and hold harmless the State and/or any of its agents, officials and employees from any and all claims, demands, suits, actions, proceedings, losses, costs and/or damages of every kind and description, including attorney's fees and/or litigation expenses brought or made against or incurred by the State on account of loss of or damage to any property or for injuries to or death of any person, caused by, arising out of, or contributed to, in whole or in part, by reasons of any alleged act, omission, professional error, fault, mistake, or negligence of the Vendor, its employees, agents or representatives, or subcontractors, their employees agents or representatives in connection with or incident to the performance of this Contract or arising out of workers compensation claims, or unemployment compensation claims of employees of the Vendor and/or its subcontractor or claims under similar such laws or obligations. The Vendor's obligations and responsibilities under this section shall not extend to any liability caused by the sole negligence of the State or its employees.

2. The Vendor shall indemnify, defend and hold harmless the Department from any claim, liability or expense caused by the Vendor's default under this Contract.

PROHIBITION AGAINST DISCRIMINATION

1. The Vendor shall comply with the nondiscrimination provisions of USDA regulations 7 C.F.R. §§ 15, 15a, and 15b.
2. Both the Vendor and the Department agree to comply with all aspects of anti-discrimination legislation, including all federal legislation and A.R.S. § 41-1463.
 - a. The Vendor shall not discriminate because of race, color, disability, age, national origin, or gender in any interactions with WIC recipients, representatives of the Department, or suppliers;
 - b. The Department shall not discriminate because of race, color, disability, age, national origin, or gender in any interactions with Vendors or Vendor applicants;
 - c. The Vendor shall comply with all applicable provisions of the Americans with Disabilities Act of 1990, and its amendments.

ANTITRUST VIOLATIONS

The Vendor, the Department, and the State recognize that in actual practice overcharges resulting from antitrust violations are in fact borne by the purchaser. Therefore, the Vendor hereby assigns to the Department and the State any and all claims for such overcharges.

NOTICE

Whenever notice is required by the terms of this Contract, unless otherwise specified, the notice shall be in writing; shall be delivered in person or by certified mail with a return receipt requested or by a Department contracted courier service; and shall be directed to the person(s) and address(es) specified for such purpose on the execution page of this Contract or to such other person(s) and/or address(es) as either party may designate to the other party by written notice.

VENDOR CONTRACT

ARIZONA DEPARTMENT OF HEALTH SERVICES

APPLICANT

I, the undersigned, have read and understand all requirements of the Arizona WIC Program in addition to the terms and conditions of this contract and the attachments. I understand that I will be bound by these requirements.

The undersigned representative has legal authority to obligate this Vendor.

BY _____

Signature **Date**

ADHS Office of Procurement

Print or Type Name and Title of Authorized Person

Date

Store Name

Arizona Department of Health Services

Street

1740 West Adams, Room 303

City **State** **Zip Code**

Phoenix, Arizona 85007

County/Reservation

1 (866) 737-3935
Telephone Number

Telephone Number

Chapter Eighteen Vendor Management

Appendix G: Vendor Training Acknowledgement Form

See Following Page

Arizona WIC Program Vendor Training Acknowledgement FFY 2006 – 2008

A. This certifies that I attended and understood the following WIC Vendor procedures. I further understand that I will be responsible for providing training to cashiers and other employees who handle WIC transactions in my store.

- | | |
|--|---|
| ➤ Explanation of the WIC Program | ➤ Use of Manufacturer, Store Specials or Discount Cards |
| ➤ Use of the Vendor Manual | ➤ WIC Vendor Price/Stock Report |
| ➤ The Vendor's Role | ➤ WIC Deposit Procedures |
| ➤ Approved & Non-Approved Foods | ➤ WIC Payment Criteria |
| ➤ Minimum Stock & Variety Requirements | ➤ Reimbursement of Rejected Food Instruments |
| ➤ WIC Food Instrument | ➤ Complaint Process |
| ➤ WIC Identification Folder & Proxy Form | ➤ Vendor Monitoring |
| ➤ WIC Redemption Procedures | ➤ Violations & Sanctions |
| ➤ "X" Signature | ➤ Vendor Rights and Responsibilities |
| ➤ Corrections to the Food Instrument | |
| ➤ Alterations of WIC Food Instruments | |

B. Vendor Comments: _____

Store Name / Store Number

Print Name and Title

Signature

Date

WIC Program Representative

WIC Program Representative Title

Signature

Date